

NCDOT Funding Overview

Joint Appropriations Subcommittee on Transportation

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H. Tasaico
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Transportation Outlook

NCDOT Funding Sources

Transportation Funding Equity

Cash Management

Finance Strategy

Conclusions

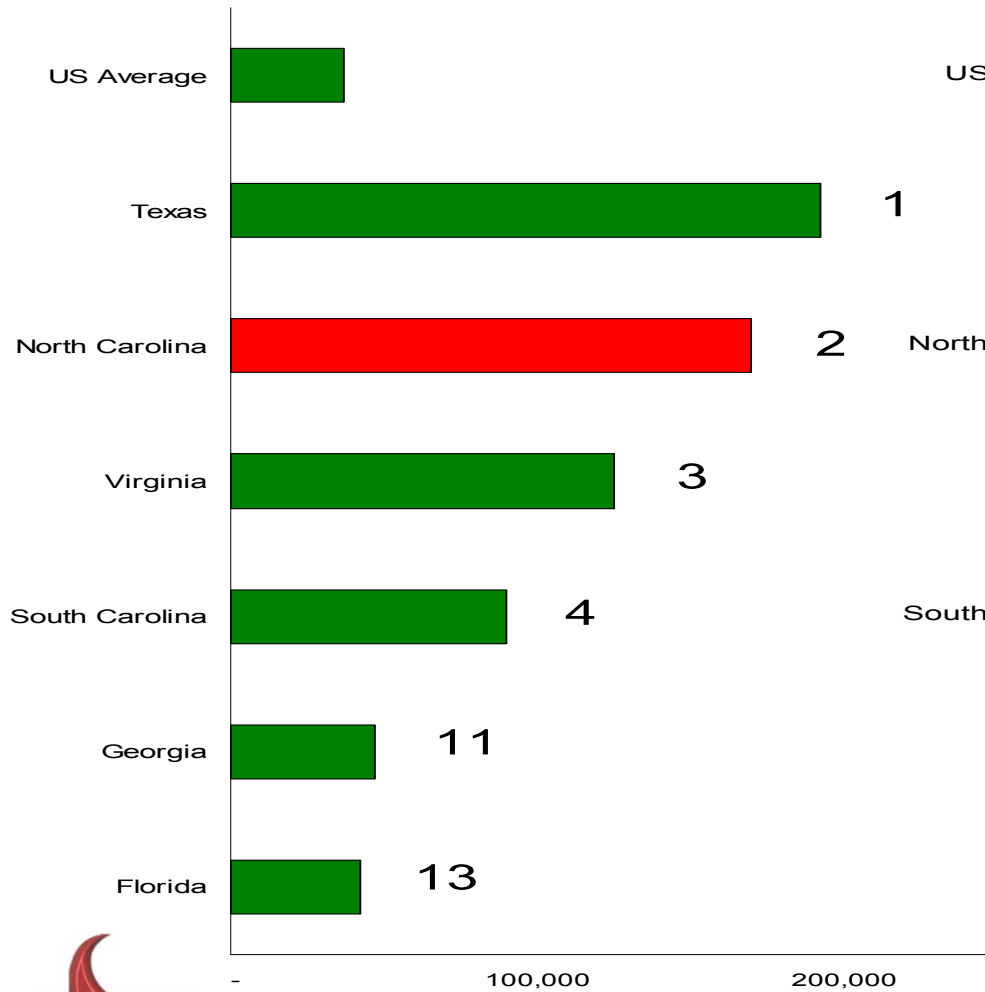


State Transportation System - Largest Capital Asset
Per State CAFR - Over \$40B Invested
Replacement Value - \$450B
Economic Value - \$\$\$\$\$\$\$
(Commerce/Jobs/Lifestyle)

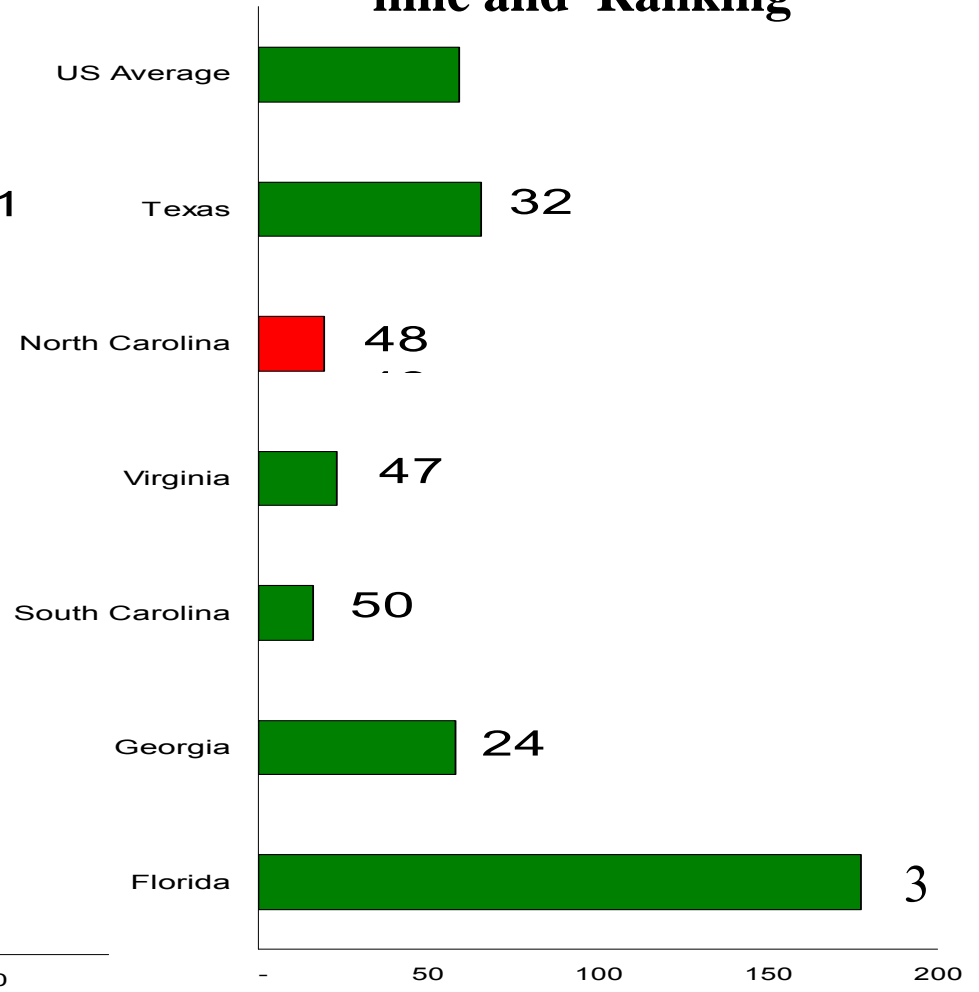


System Responsibility

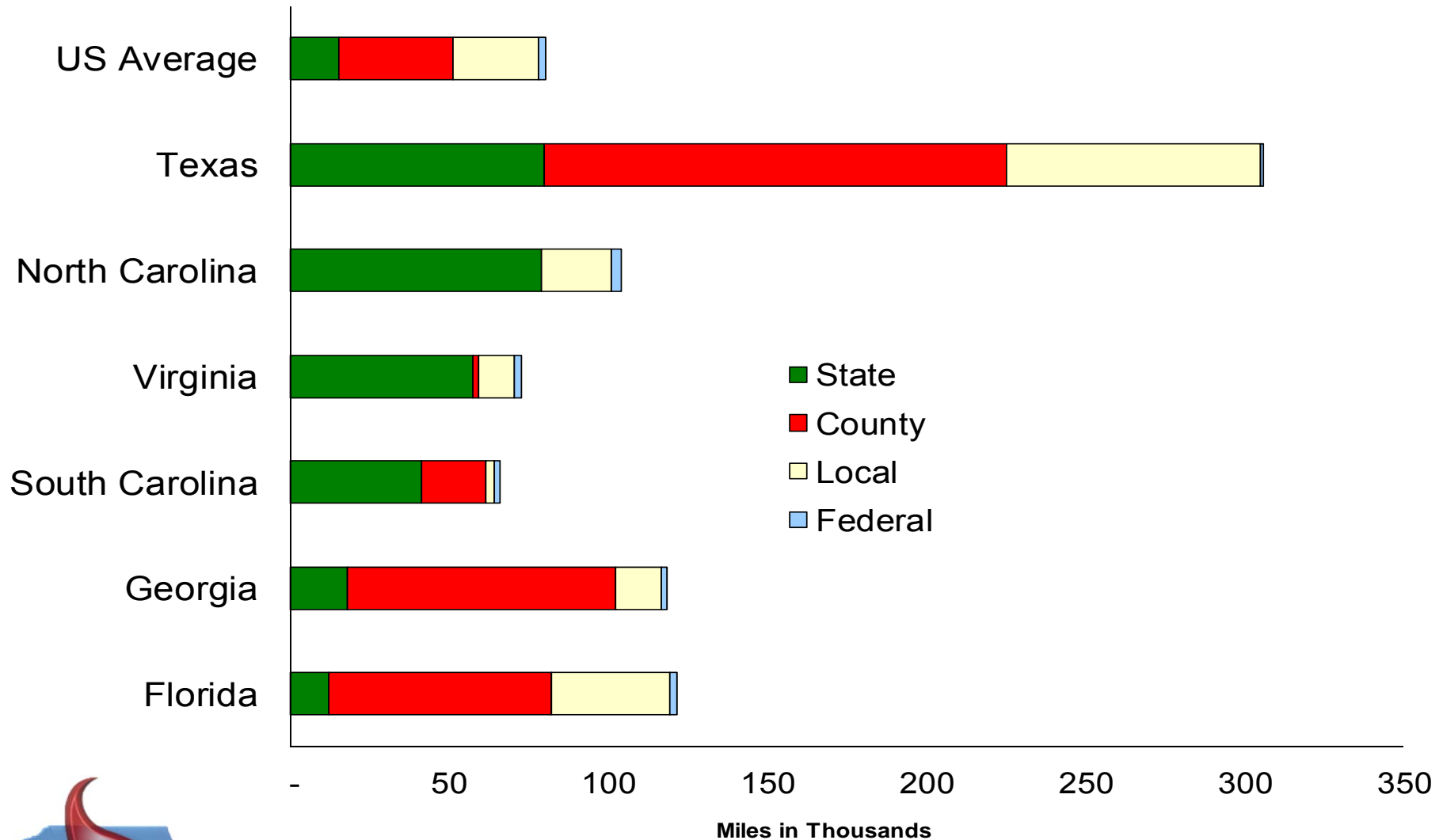
State Lane-mile and Ranking



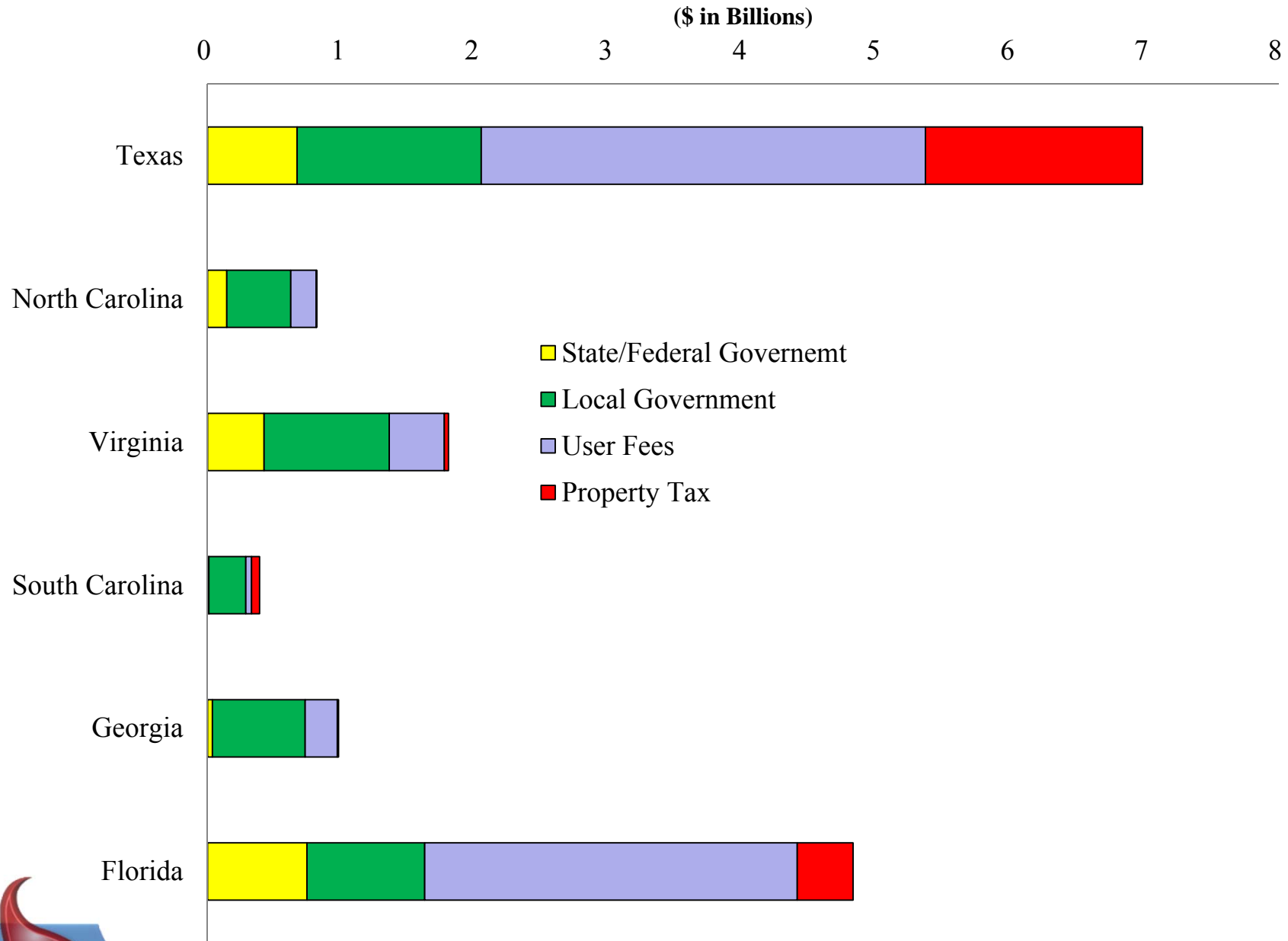
Total Disbursements per Lane-mile and Ranking



Public Road Ownership



Local Government Highway Funding Sources



2010 Transportation Texas Institute (TTI) Urban Mobility Report - National Statistics

Congestion Costs

1982 - \$24 billion

2009 - \$115 billion

Wasted Fuel

2009 - 3.9 billion gallons – equal to 130 days of flow in the Alaska Pipeline.

Commuter Cost (Annual)

1982 – 14 hours (NC- 5)

2009 – 34 hours (NC- 26)

Commuter Delay

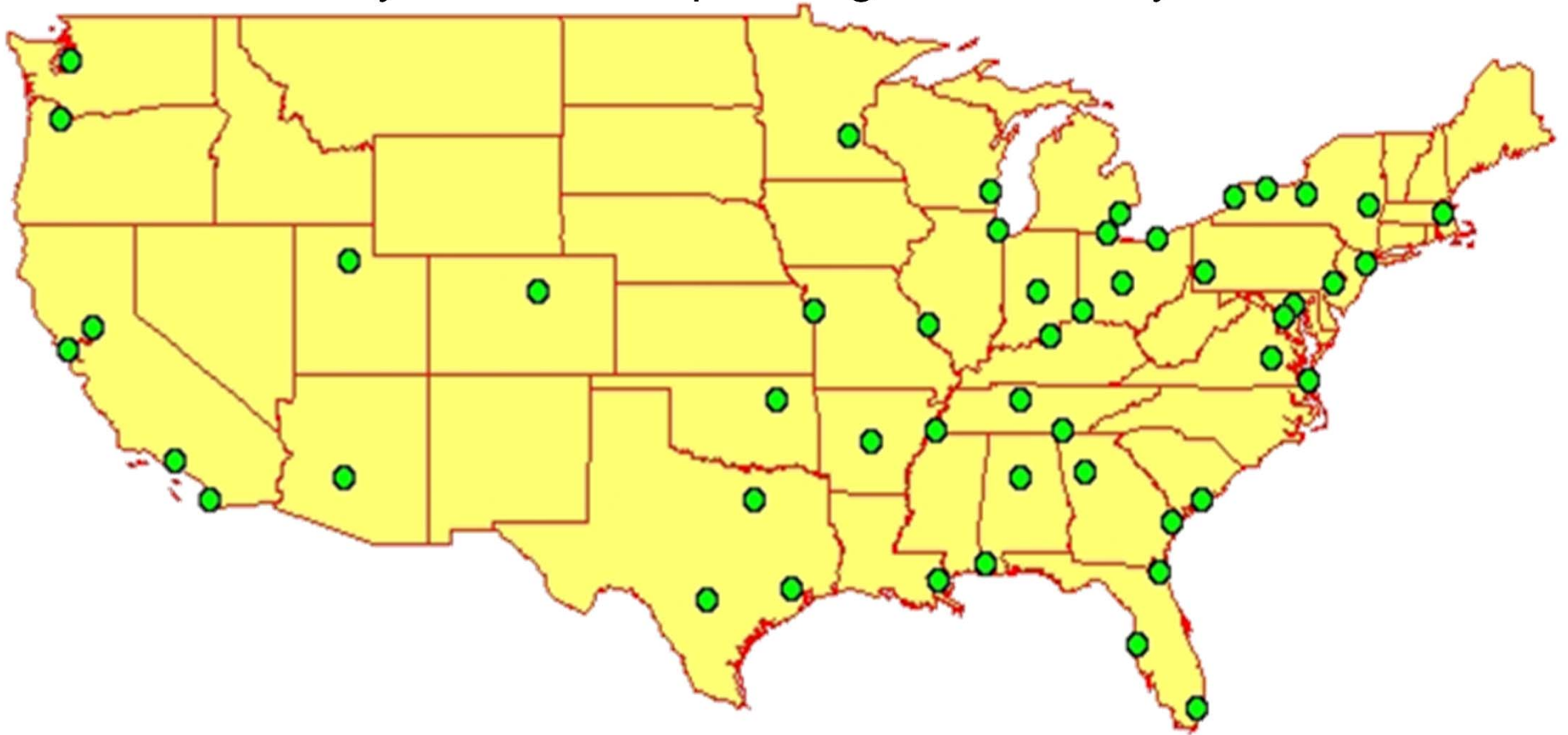
1982 - \$351 (NC- \$78)

2009 - \$808 (NC- \$635)

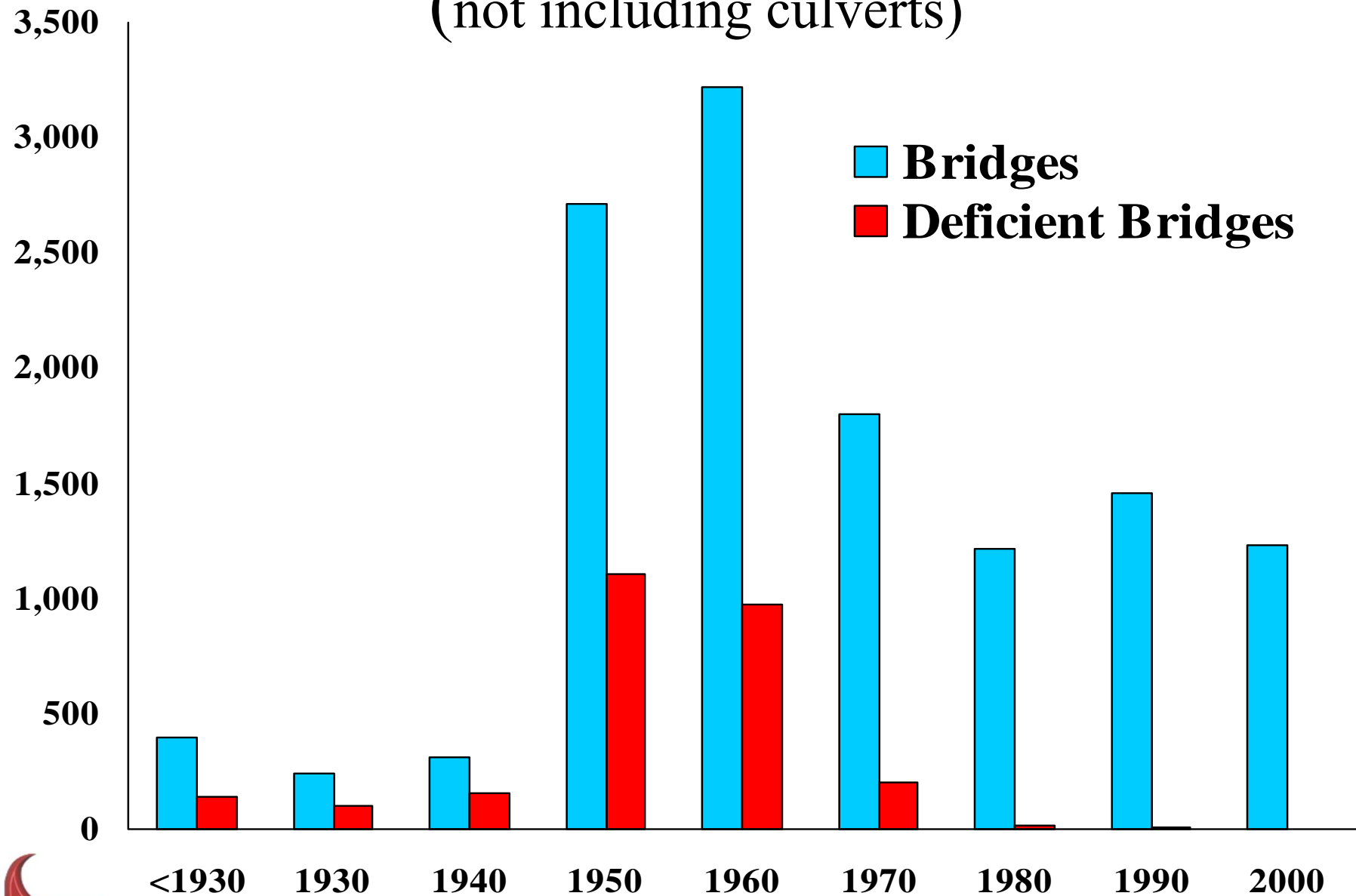


US Logistics Survey

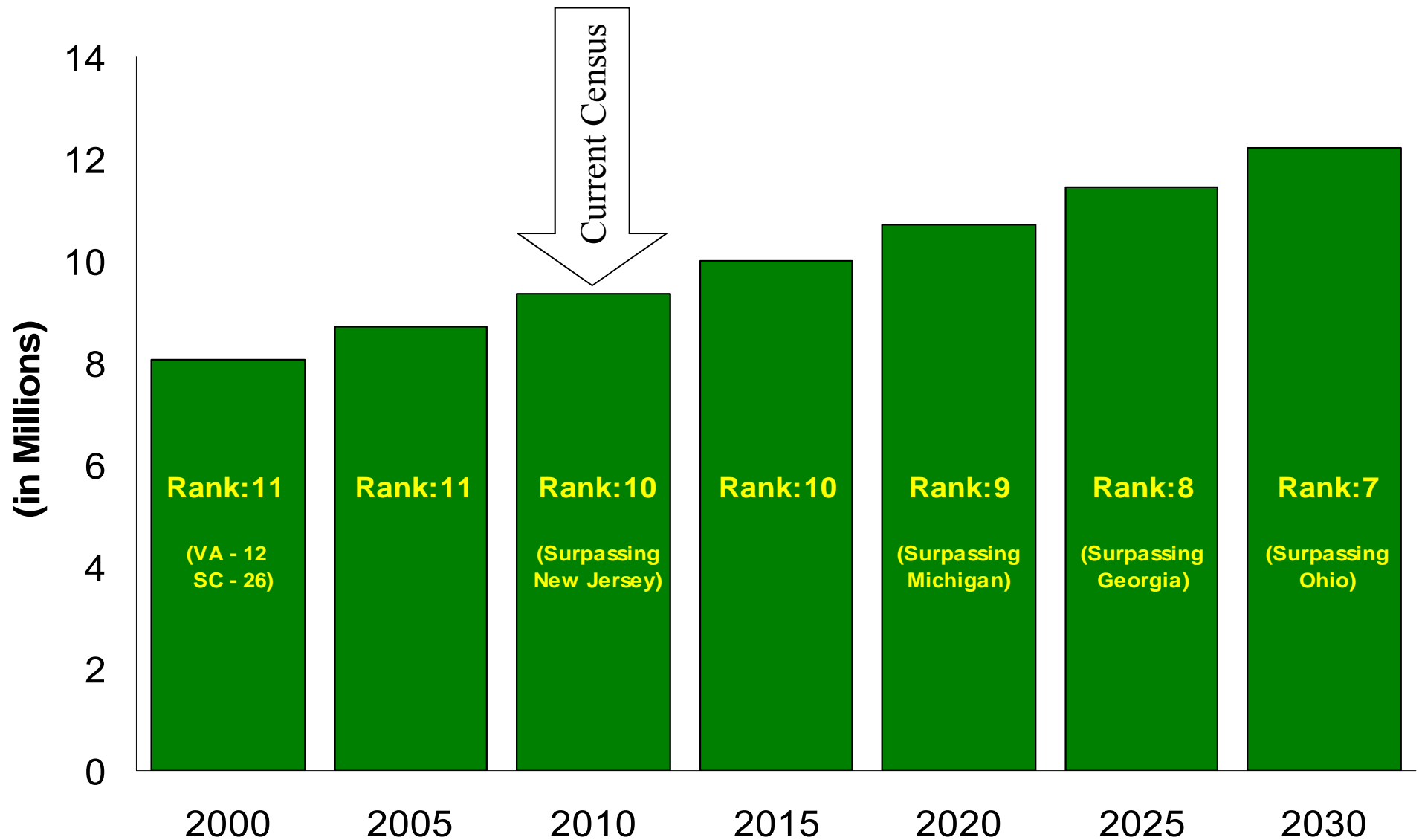
No NC city ranked in top 50 logistics friendly cities



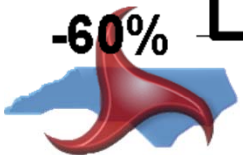
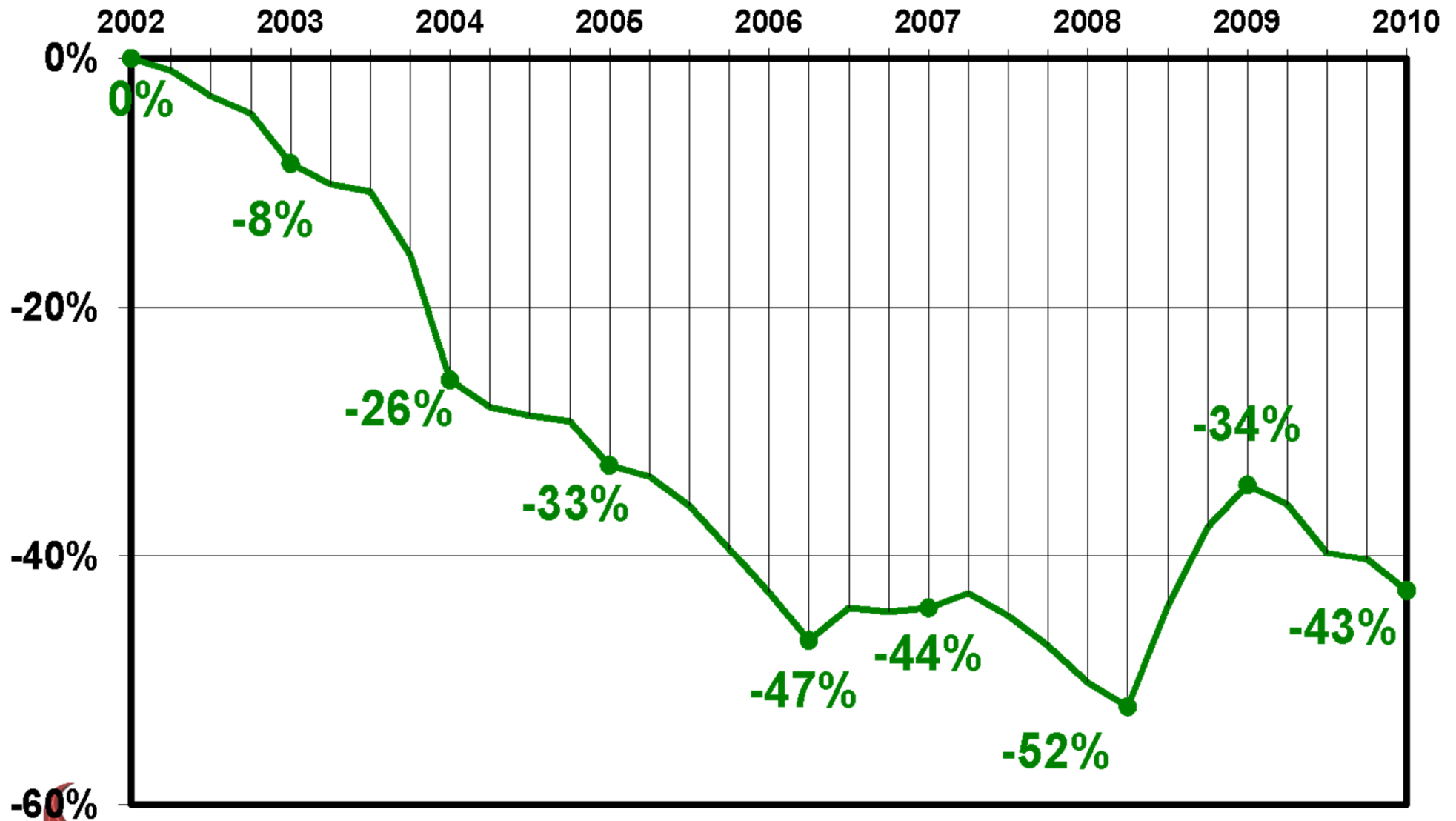
Age of NCDOT Bridges (not including culverts)



NC Ranking & Population Growth



Purchasing Power of NCDOT Highway Construction Dollars (Since 2002)



Increased Freight Growth - Driven By:

Consumption

- Population

Production

- Expanding durable and non-durable goods manufacturing

Trade

- Import and Export Growth

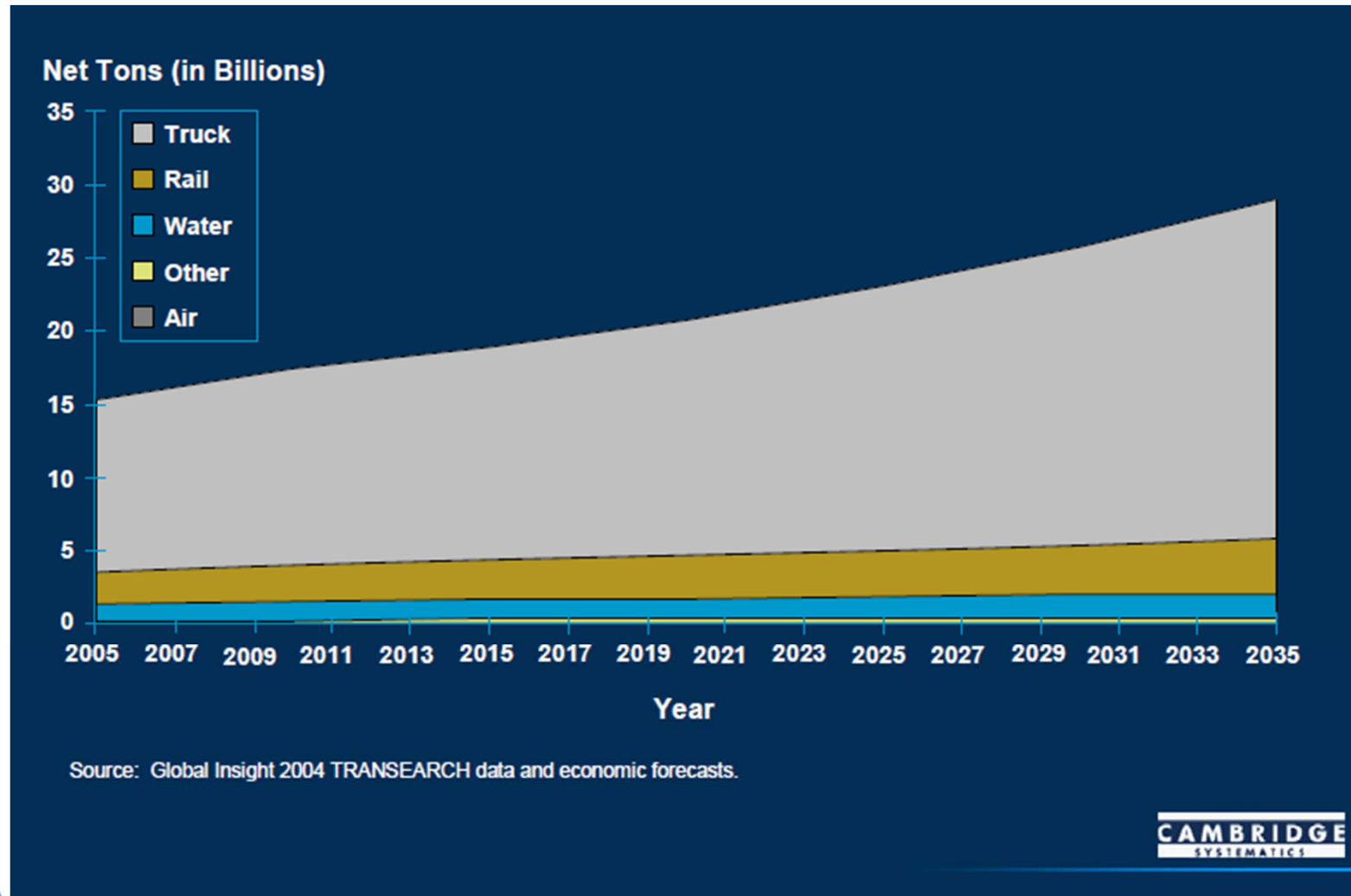
Supply Chain Practices

- Changing Logistics Strategies

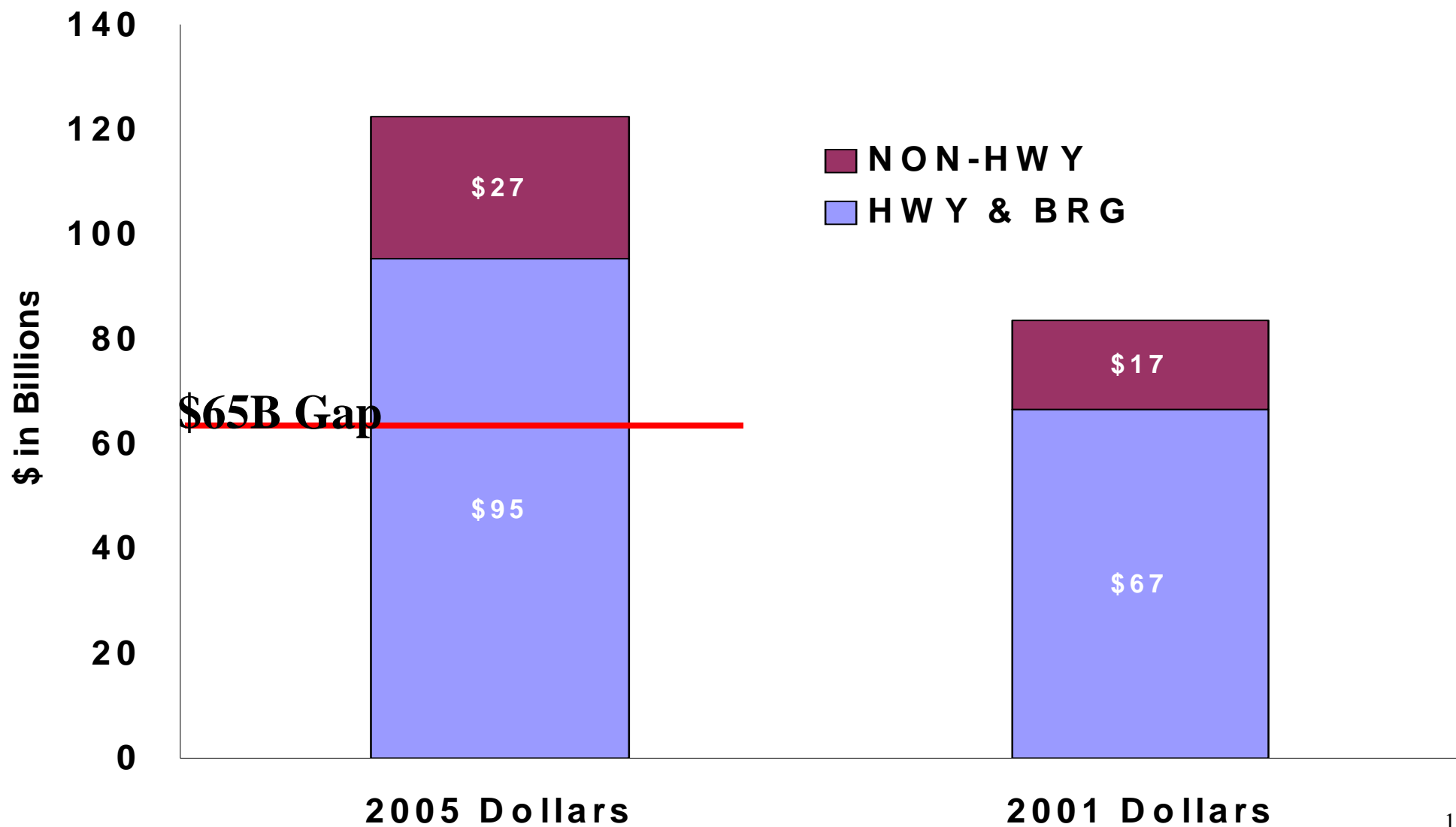


Freight Tonnage by Mode, 2005-2035

With moderate economic growth at about 2.8% CAGR
Freight tonnage will nearly double by 2035



25-Year Needs



Strategic Prioritization Model

\$54 Billion in Total Transportation Needs

Approx. \$10.5 Billion in Revenue (Years 2015-2020)

Highways

- **\$9B** in available revenue
- Data-driven
- MPO and RPO ranked projects

Non-Hwy Transportation

- **\$1.5B** in available revenue
- Units establish priorities
- Coordinated with MPOs

-
- **\$45B** in needs
 - 1,100 projects = \$38B
 - Other highway needs = \$7B

- **\$9B** in needs
 - 900 Non-Highway Projects



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State Transportation Revenue Sources



Motor Fuel Tax
55%

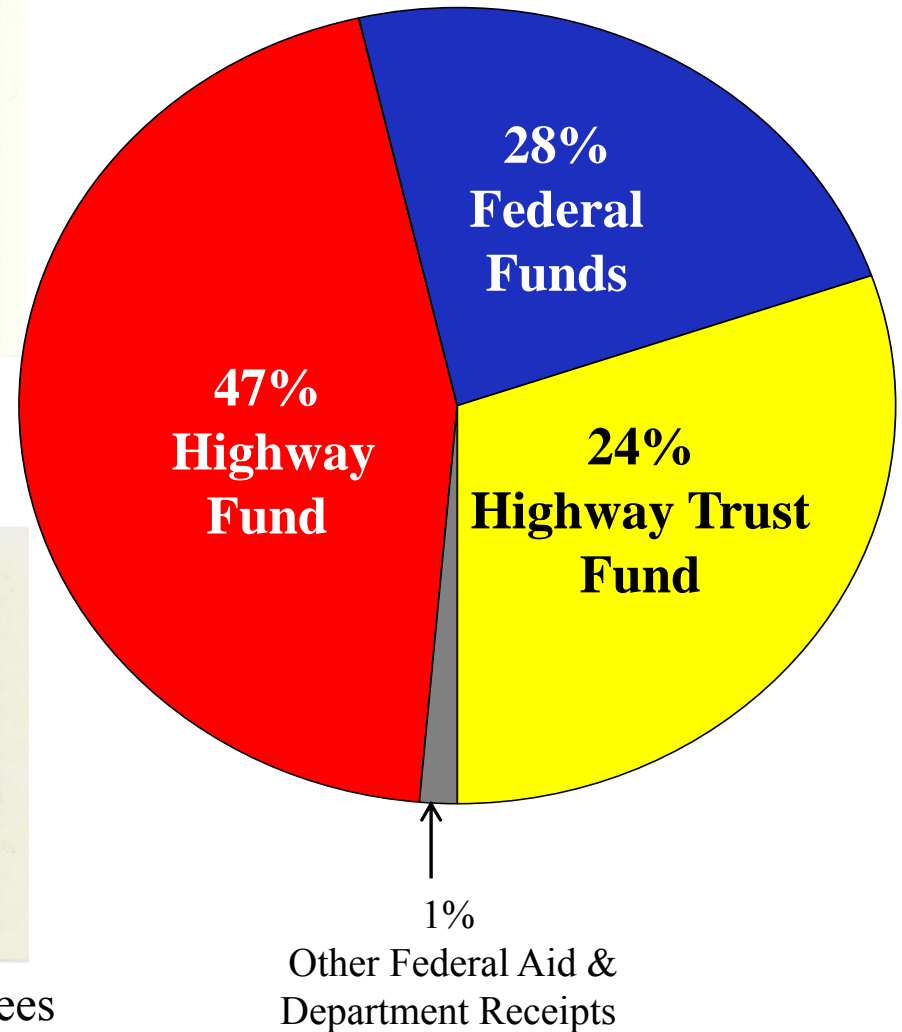
Highway
Use Tax
15%

Fees
30%



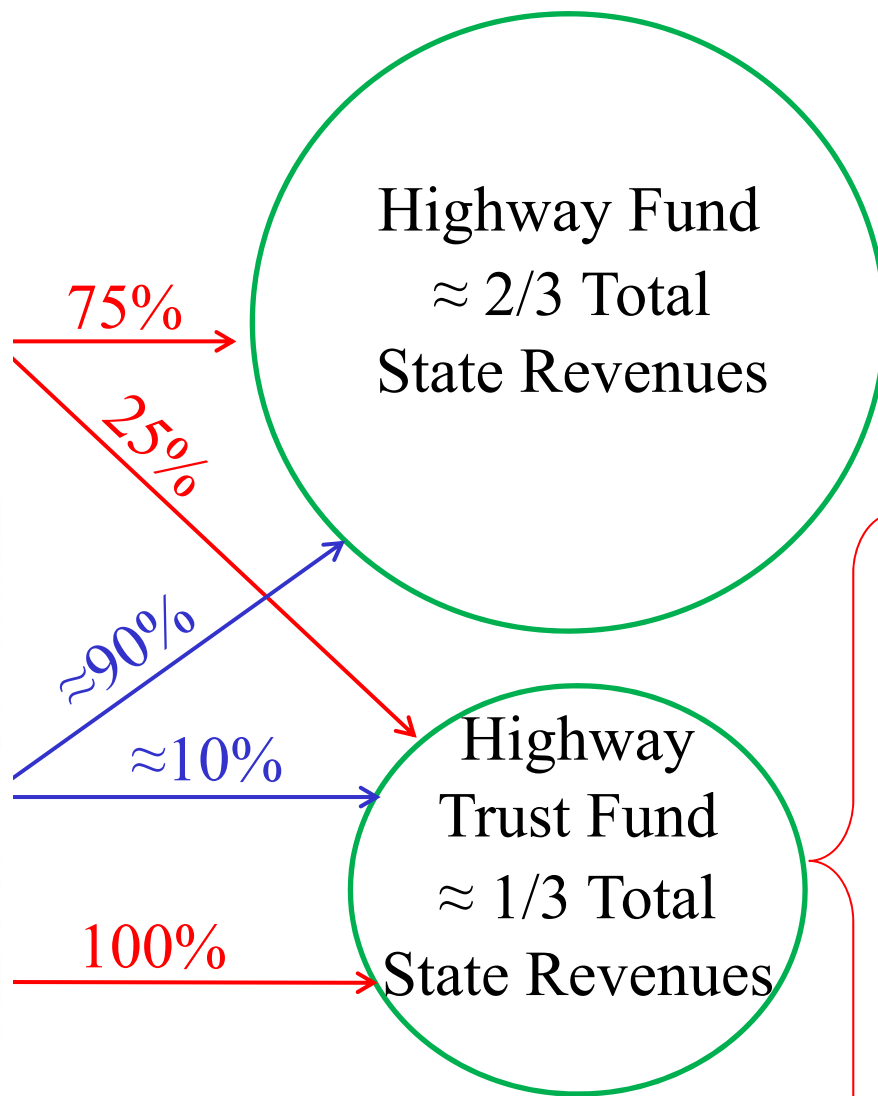
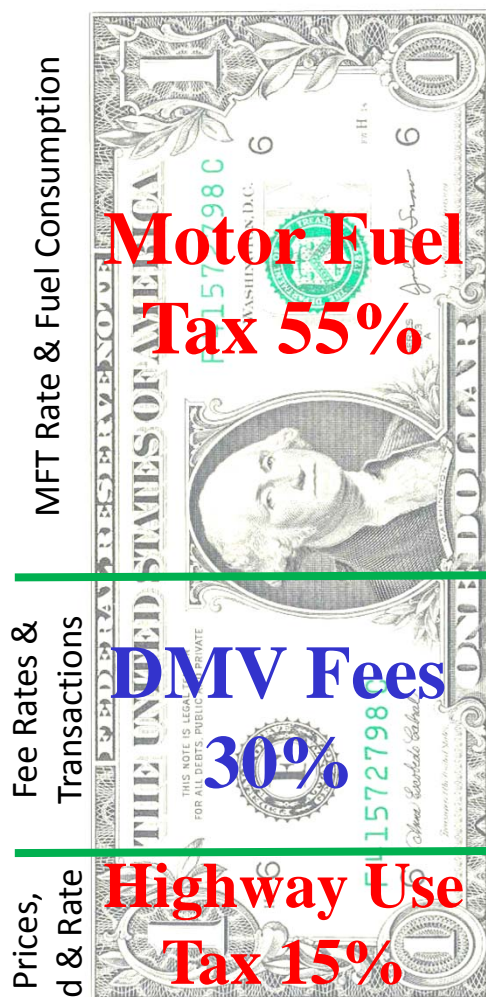
Motor Fuel Tax 92%

Fees
8%



Sources, Funds, Allocation & Distribution

Sources



Allocation

1 $\frac{3}{4}$ Cent of MFT to:

- Secondary Roads
- Powell Bill

Remainder through Appropriations

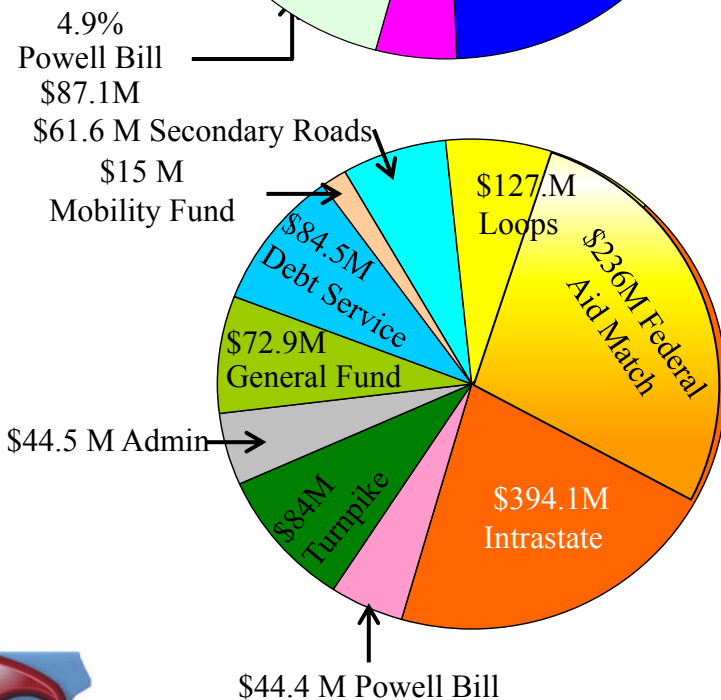
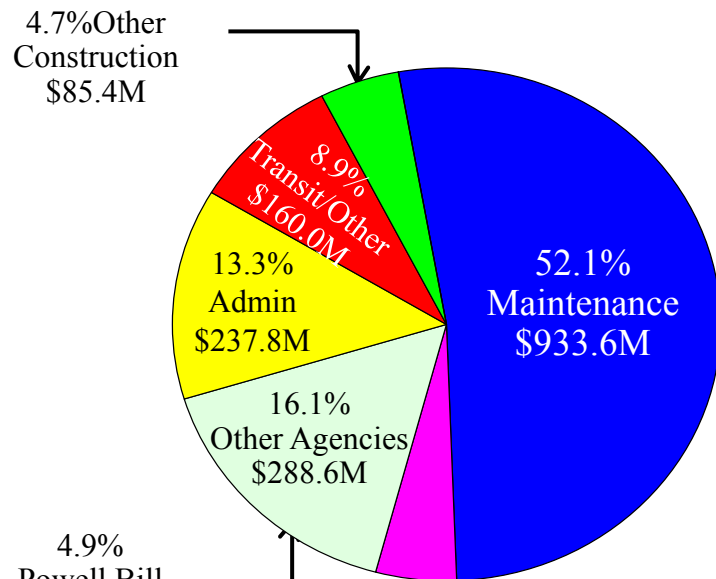
Transfers to General Fund, Turnpike & GAP (\approx 172.5M)
 Mobility Fund (\$15M)
 Administration (\$44M)
 Remaining:

- 61.95% Intrastate*
- 25.05 Urban Loops*
- 6.5% Secondary Roads
- 6.5% Powell Bill

*Federal-Aid Match (\$236M) & Debt Service (\$85M)
 funded from these programs

Sources, Funds, Allocation & Distribution (Cont.)

Highway Fund
Trust Fund
Highway Fund



Distribution

Maintenance

90% Mileage + 10% Population

Contract Resurfacing

50% Needs + 37.5% Mileage + 12.5% Population

Secondary Road Construction

County Mileage/Statewide Population

Powell Bill

75% Population + 25% Mileage

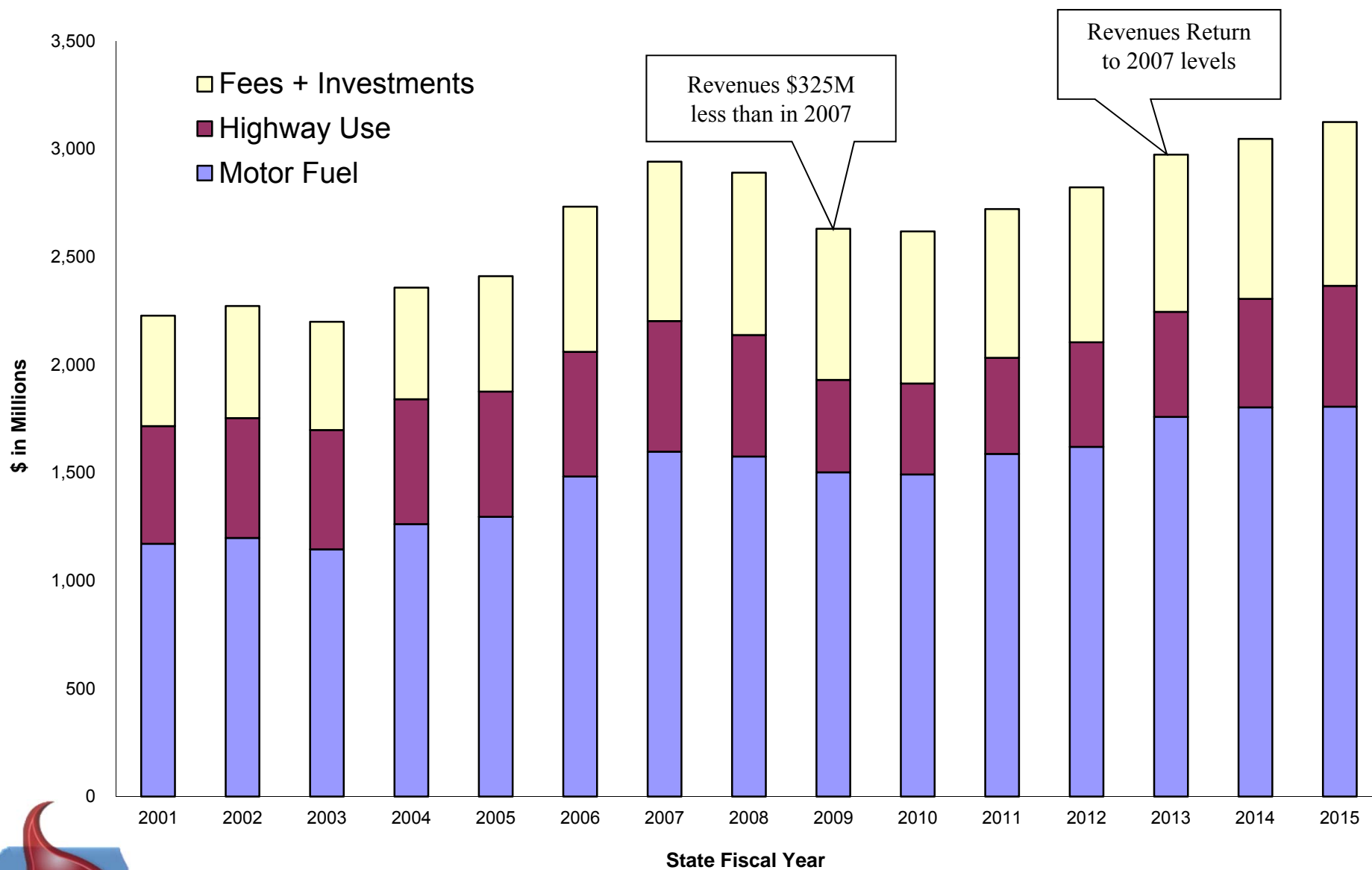
Equity Formula

50% Population + 25% Remaining Mileage + 25% Equal Share

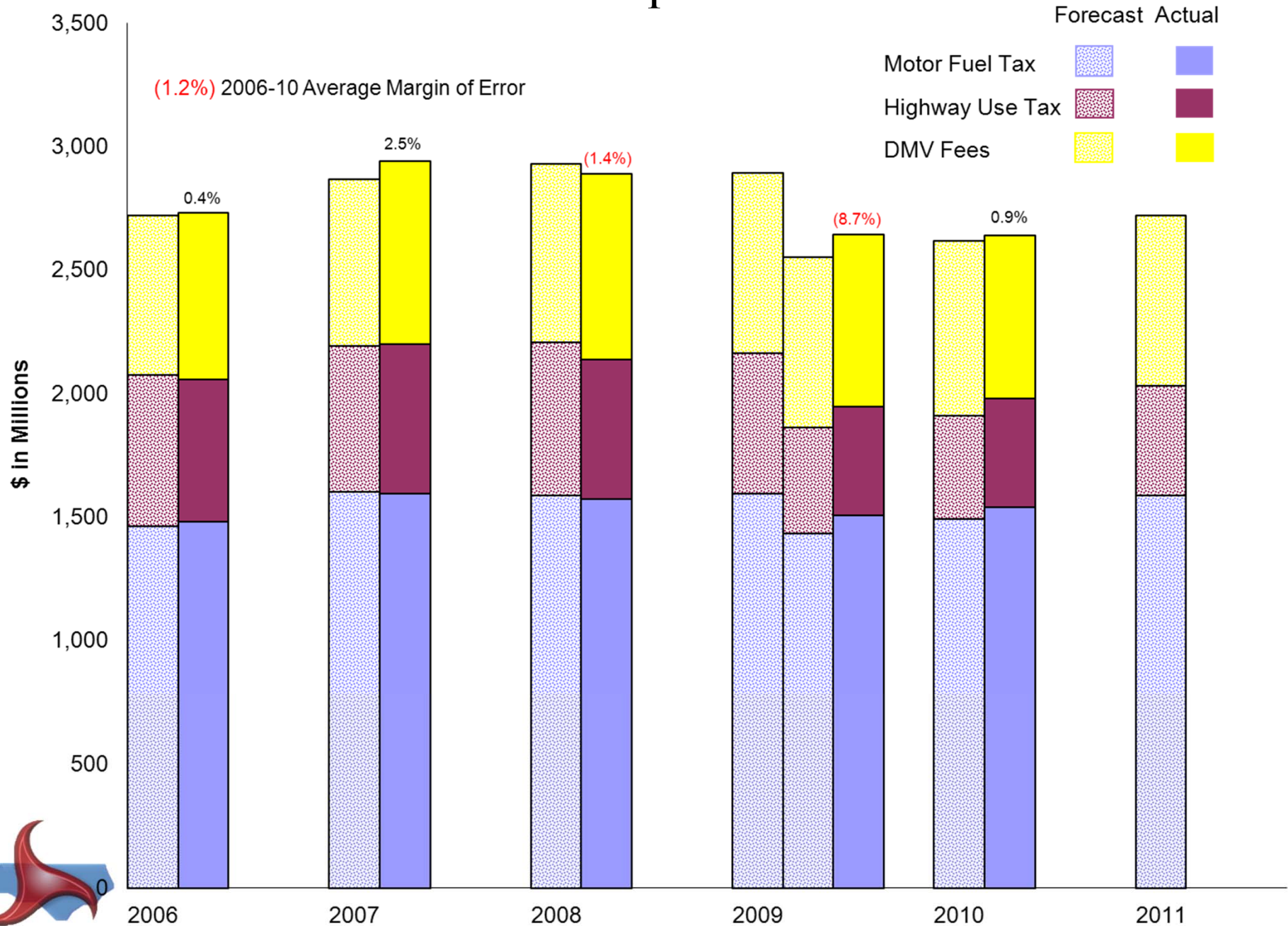


Transportation Revenue Sources

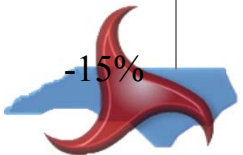
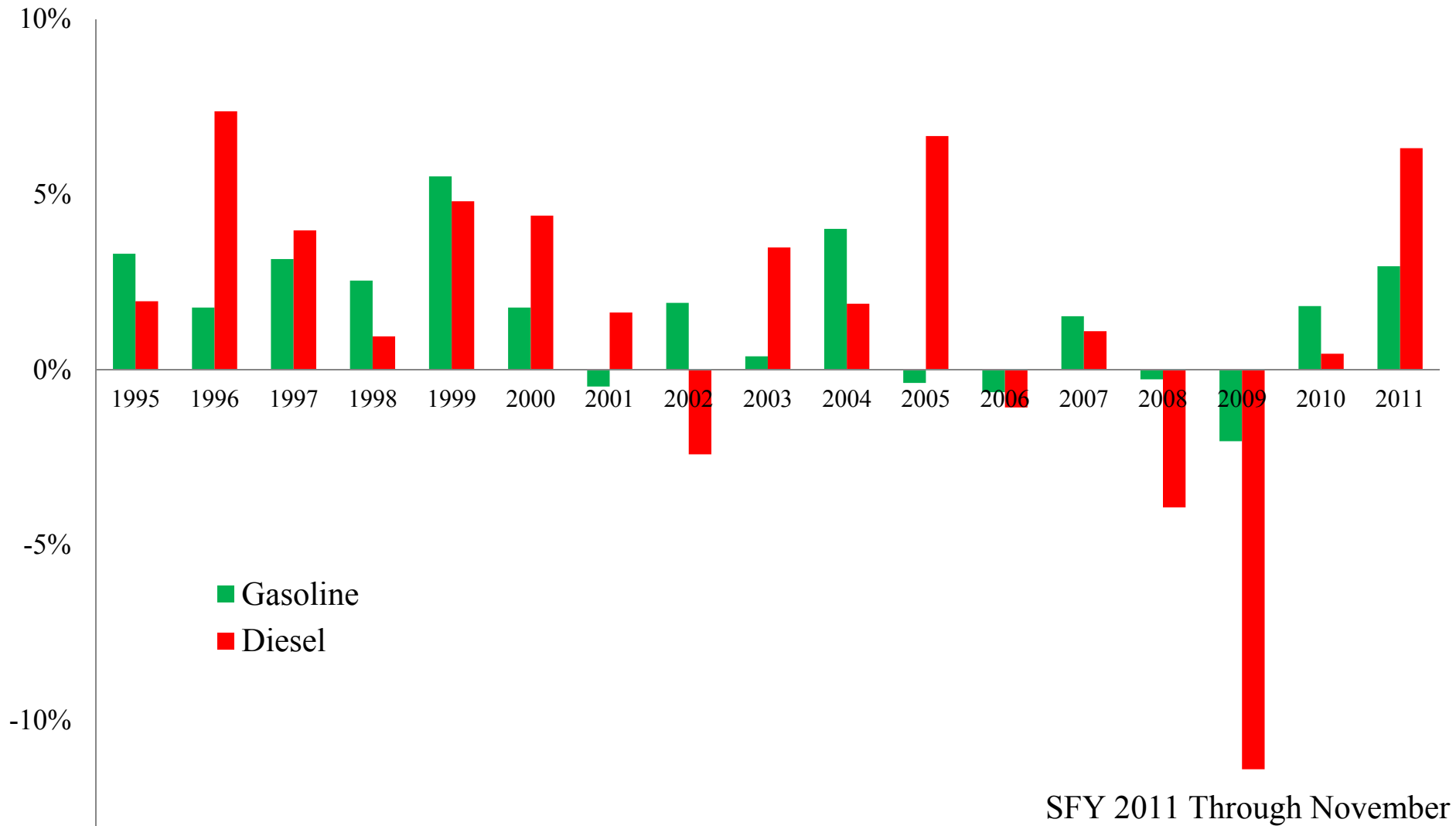
2001 to 2010 - Actual
2011 to 2015 - Forecasted



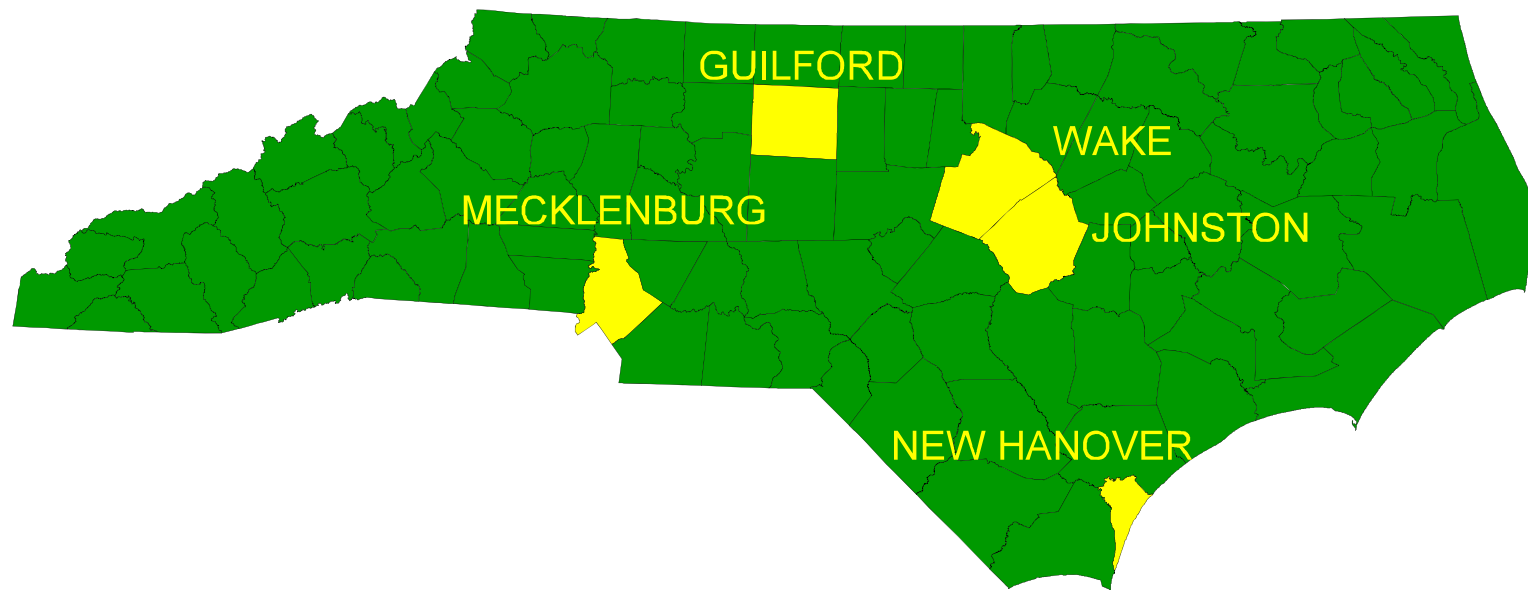
Cash Model Revenue Comparison - Forecast vs Actual



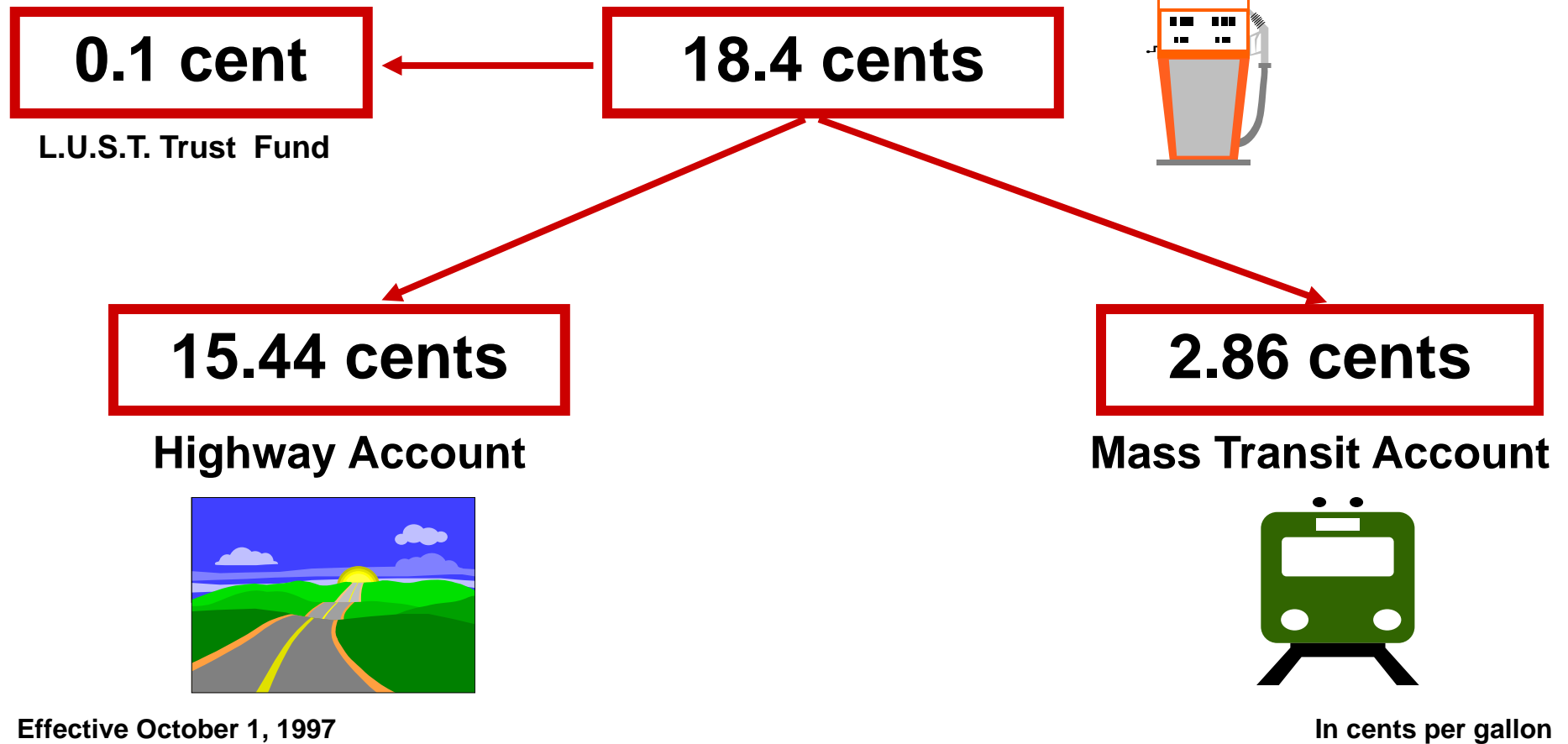
Fuel Consumption – Annual Change



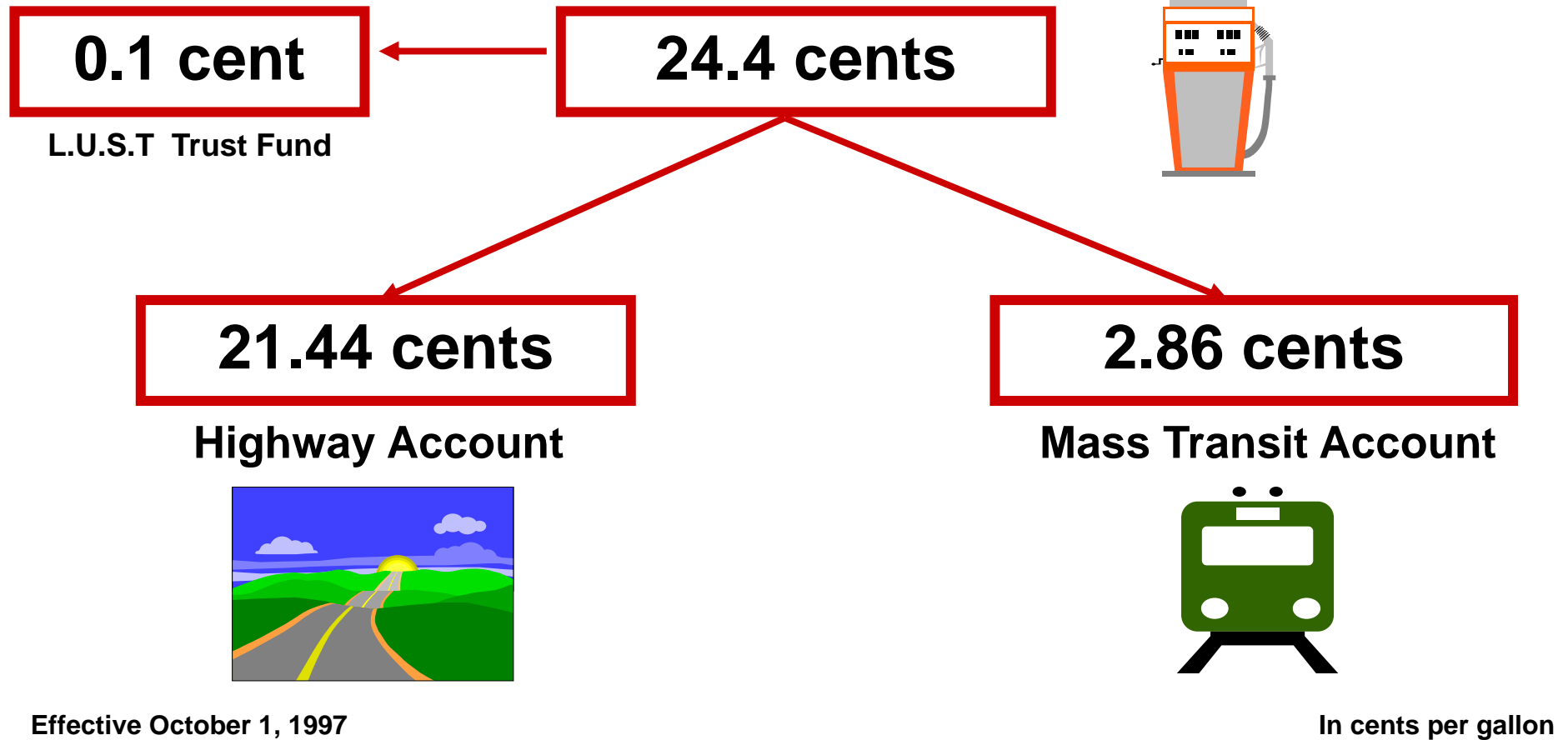
Motor Fuel Tax Collection Terminal Locations



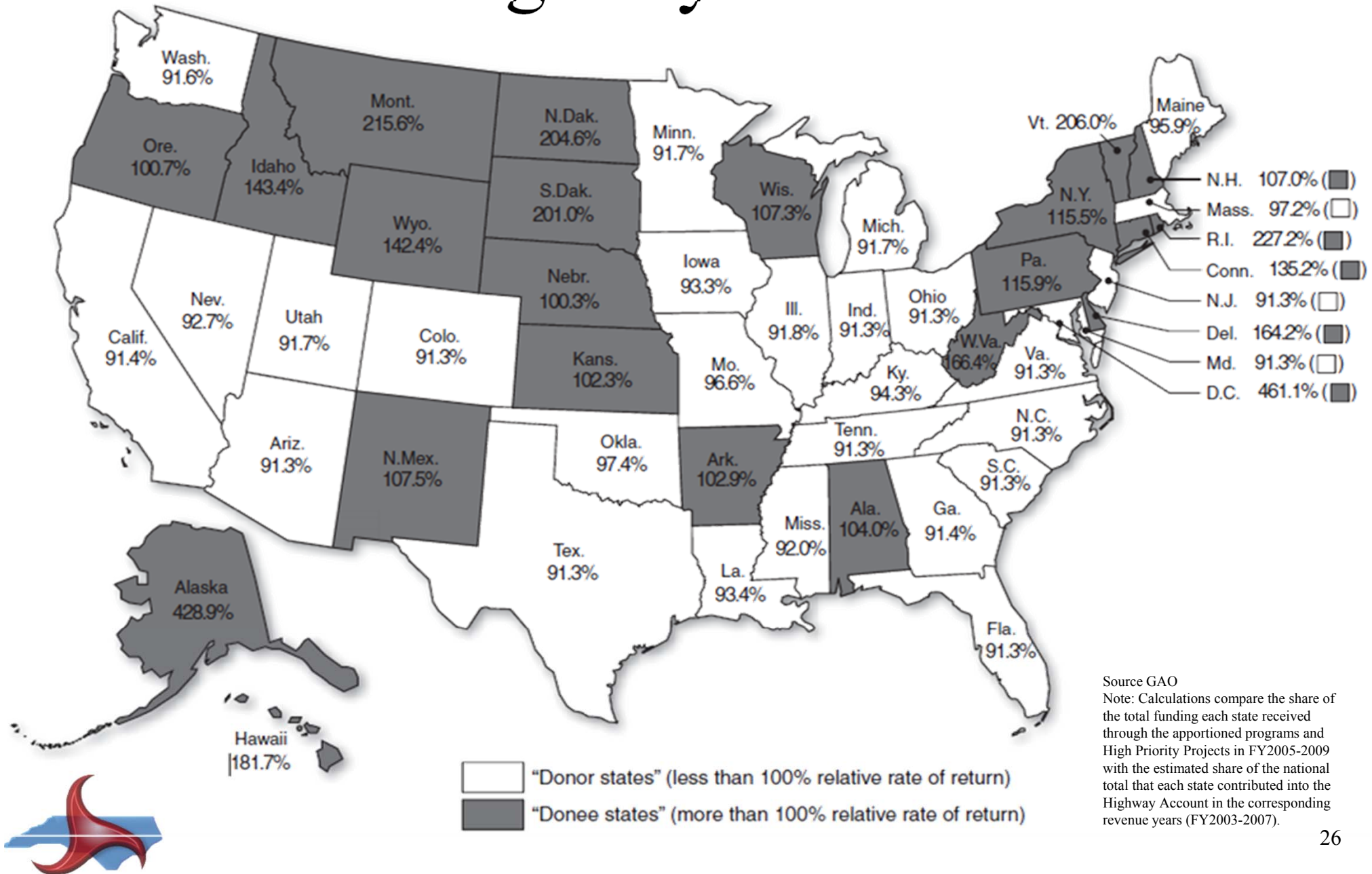
Federal Gasoline Tax



Federal Diesel Tax

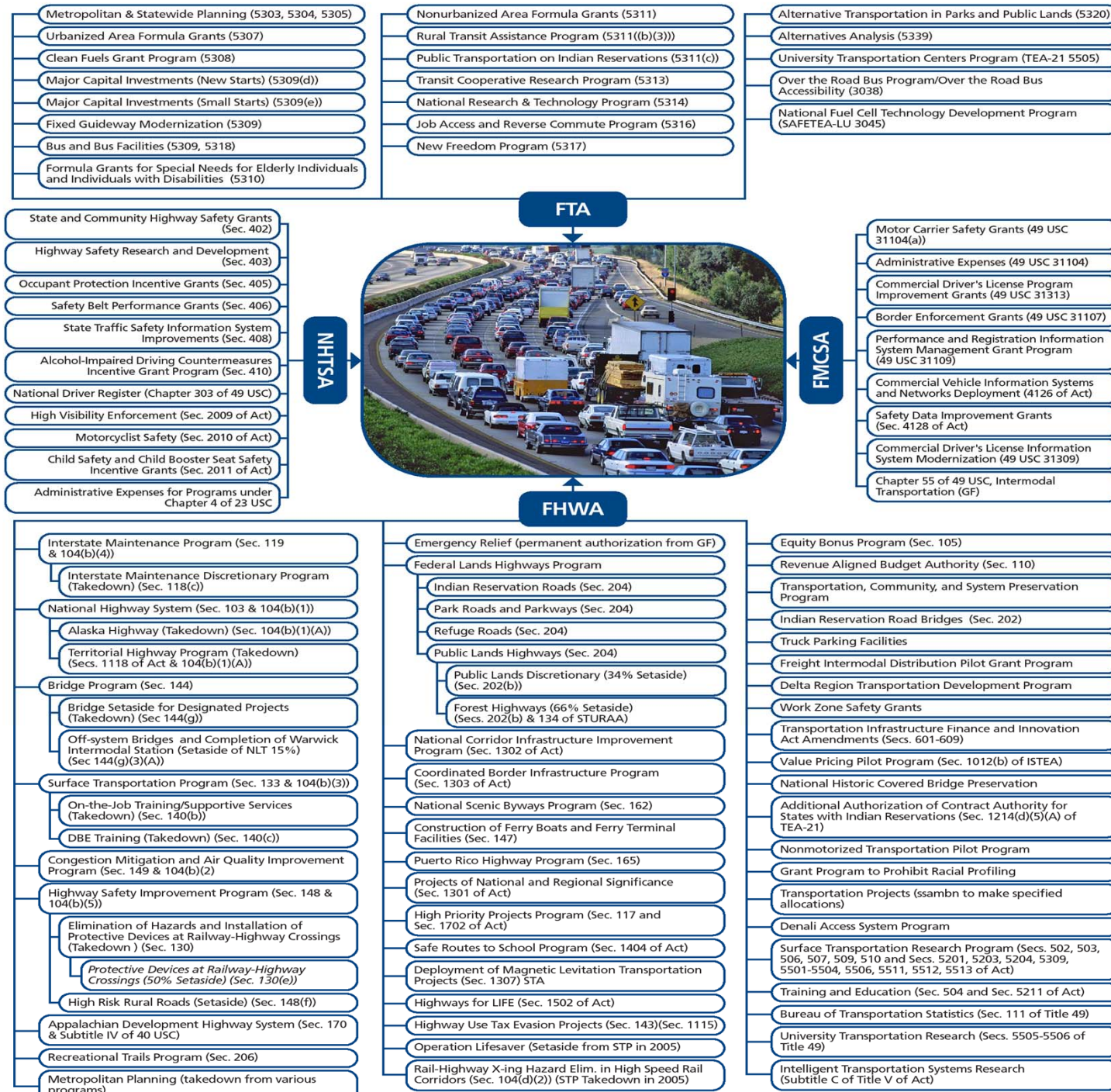


Federal Highway Rate of Return



Source GAO
 Note: Calculations compare the share of the total funding each state received through the apportioned programs and High Priority Projects in FY2005-2009 with the estimated share of the national total that each state contributed into the Highway Account in the corresponding revenue years (FY2003-2007).

Current Federal Programs



FHWA 62

FTA 20

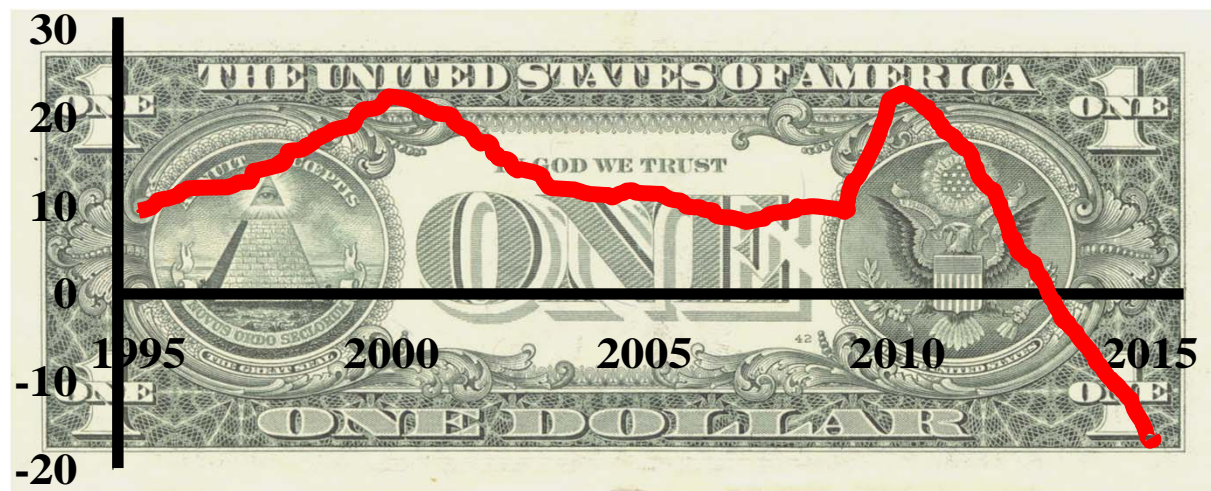
FRA 6

NHTSA 12

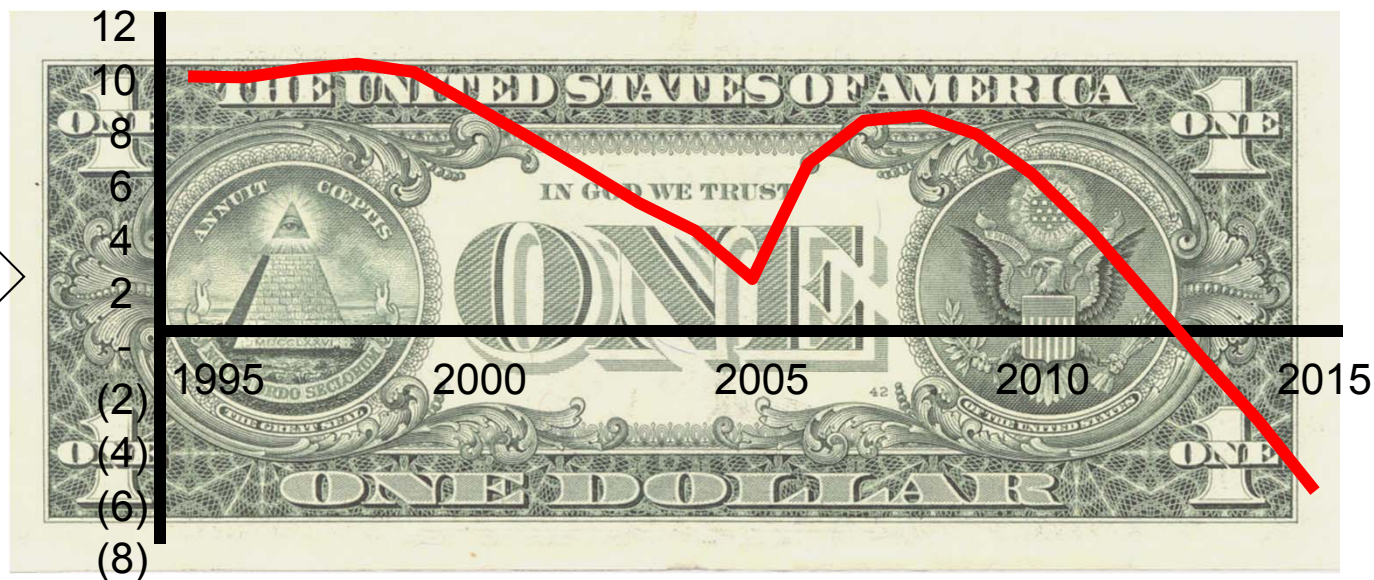
FMCSA 8

Total 108

Federal Trust Fund Outlook



Highway Account
Balance in Billions

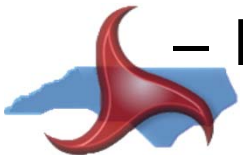


Transit Account
Balance in Billions



Federal Reauthorization Status

- 2012 Budget
 - Proposal will be released on February 14
- Authorization
 - SAFETEA-LU Expired 9/30/2009
 - Deadlock over Financing Plan
 - Size of Multi-modal Program
 - Diversified Revenue Portfolio
 - Sustainability
- Appropriation
 - 3rd CR through 3/4/2011 (155/365th of FFY 2010 Funding)
 - Loss of “Firewall”
 - Earmarks are almost certainly dead



Potential Funding Reductions

Highway Programs

National Impact \$7B

North Carolina Share

FFY 2011 \approx \$190M (or 20% of FFY 2010)

FFY 2012 \approx \$200M (or 21% of FFY 2010)

FFY 2013 \approx \$220M (or 23% of FFY 2010)

– Reductions could start in FFY 2011

Transit Programs

National Impact \$2.5B

North Carolina Share

FFY 2011 \approx \$21M (or 23% of FFY 2010)

FFY 2012 \approx \$21M (or 23% of FFY 2010)

FFY 2013 \approx \$21M (or 23% of FFY 2010)

– Reductions could start in FFY 2011



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North Carolina Highway Trust Fund

HB 399 became law on July 27, 1989

Four Goals established:

- Complete the “Intrastate Highway System”
- Build multi-lane connector or “Loop” roads near seven major urban areas (Asheville, Charlotte, Durham, Greensboro, Raleigh, Wilmington and Winston-Salem)
- Pave State Maintained Dirt Roads
- Increase by 50% Street Aid to Municipalities allocation (Powell Bill Funds)



North Carolina Highway Trust Fund (continued)

Established Distribution (Equity) Formula

- Applies To All Funds
- Established Seven Regions Within the State
- Distributed as follows

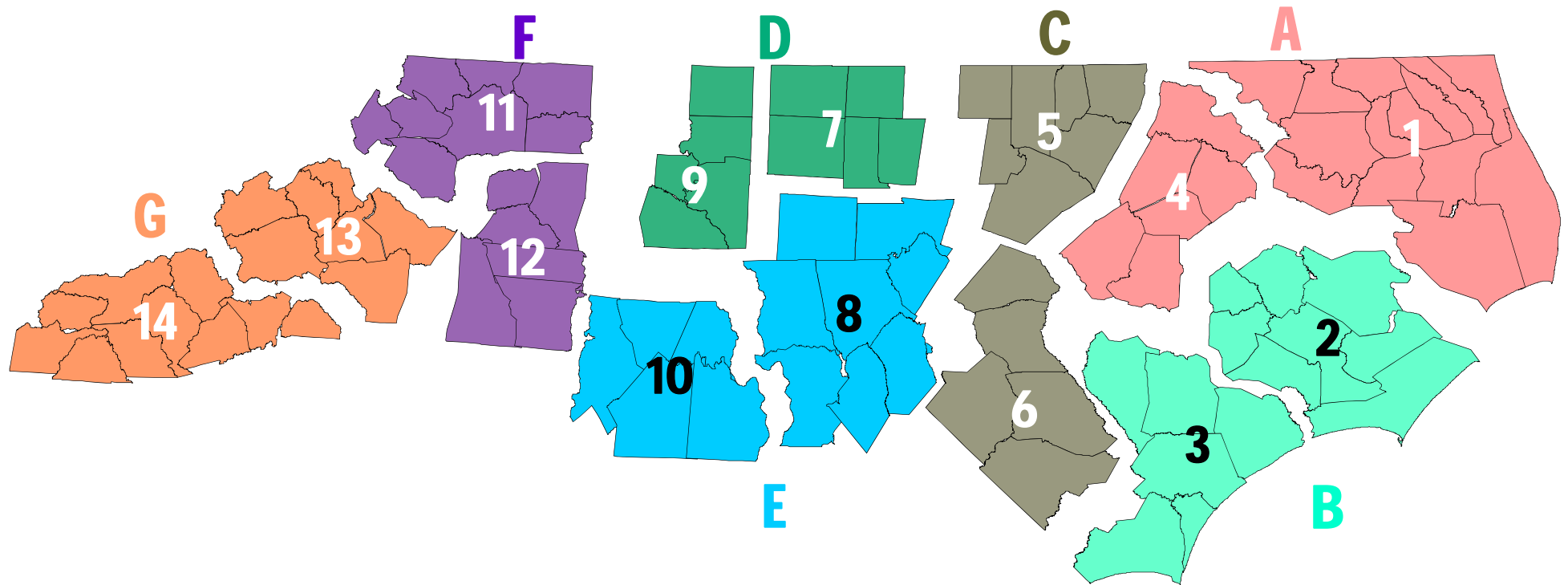
	Completed Intrastate System Mileage	
	Until 90%	After 90%
Population ¹	50%	66%
Equal Share	25%	34%
Remaining Miles To Complete	25%	-

Current at 77%



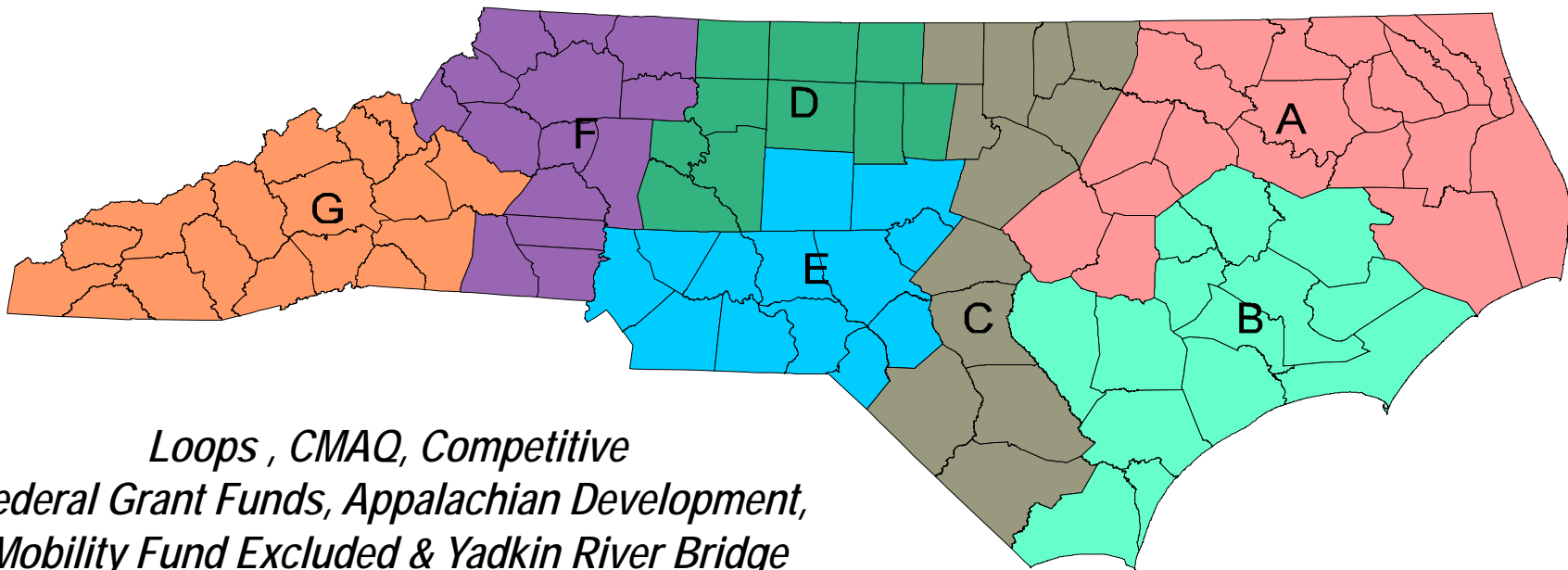
¹ As Certified by the State Demographer

Relationship Between Divisions and Funding Regions



1989 Equity Formula

50% POPULATION OF REGION AS PERCENT OF STATE	25% REMAINING INTRASTATE SYSTEM MILES	25% EQUAL SHARE
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*Loops , CMAQ, Competitive
Federal Grant Funds, Appalachian Development,
Mobility Fund Excluded & Yadkin River Bridge
Phase 1 "GARVEE" Bonds*



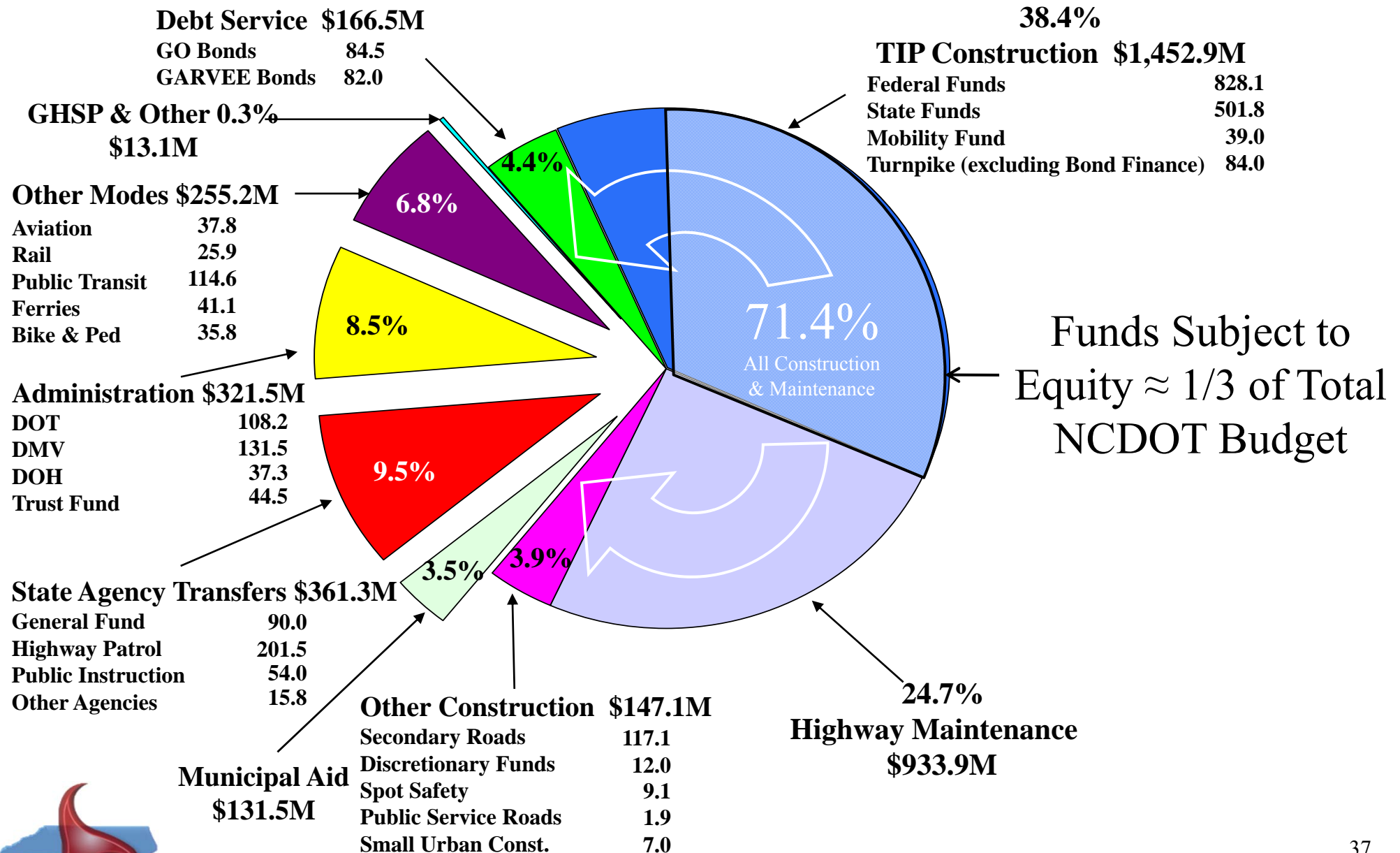
Exemptions to Distribution Formula

	Effective Date
Urban Loops	Original law
Competitive Awards or Discretionary Grants through Federal Appropriations	July 1, 1999
Federal Congestion Mitigation and Air Quality funds (CMAQ)	July 1, 2000
Yadkin River Bridge Phase I “GARVEE” Bond Payments	July 1, 2010
Appalachian Development Highway System Funds	July 1, 2010
Mobility Fund	July 1, 2010

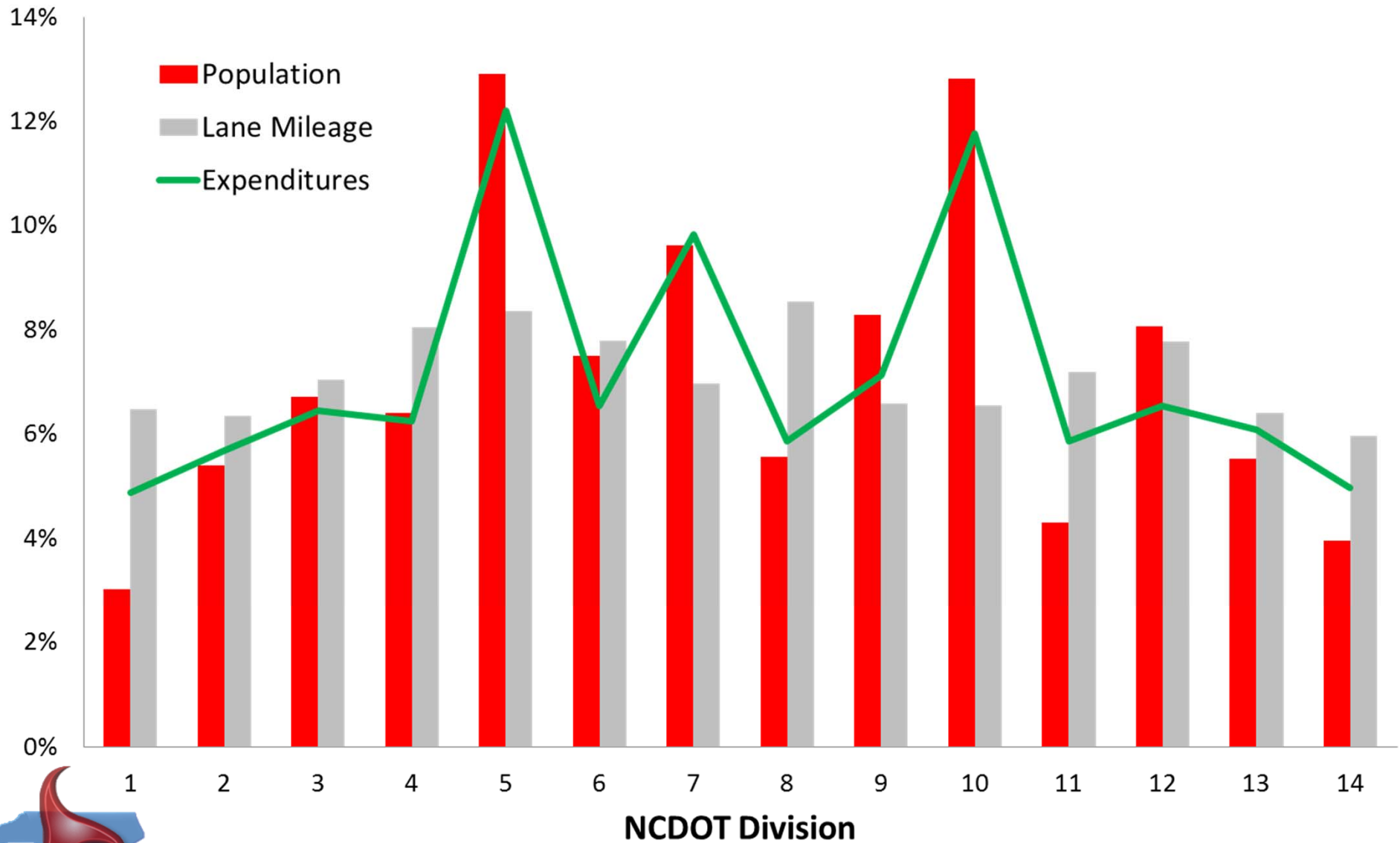
- NOTE: The Equity Formula only applies to about a third of DOT Expenditures. The General Assembly and the Department have created other formulas that apply to DOT expenditures on maintenance, rail, transit, aviation, etc. Turnpike Gap Funding is also exempt from Equity Distribution.



NCDOT Budget & Equity Formula



All NCDOT Expenditures 1990-2010



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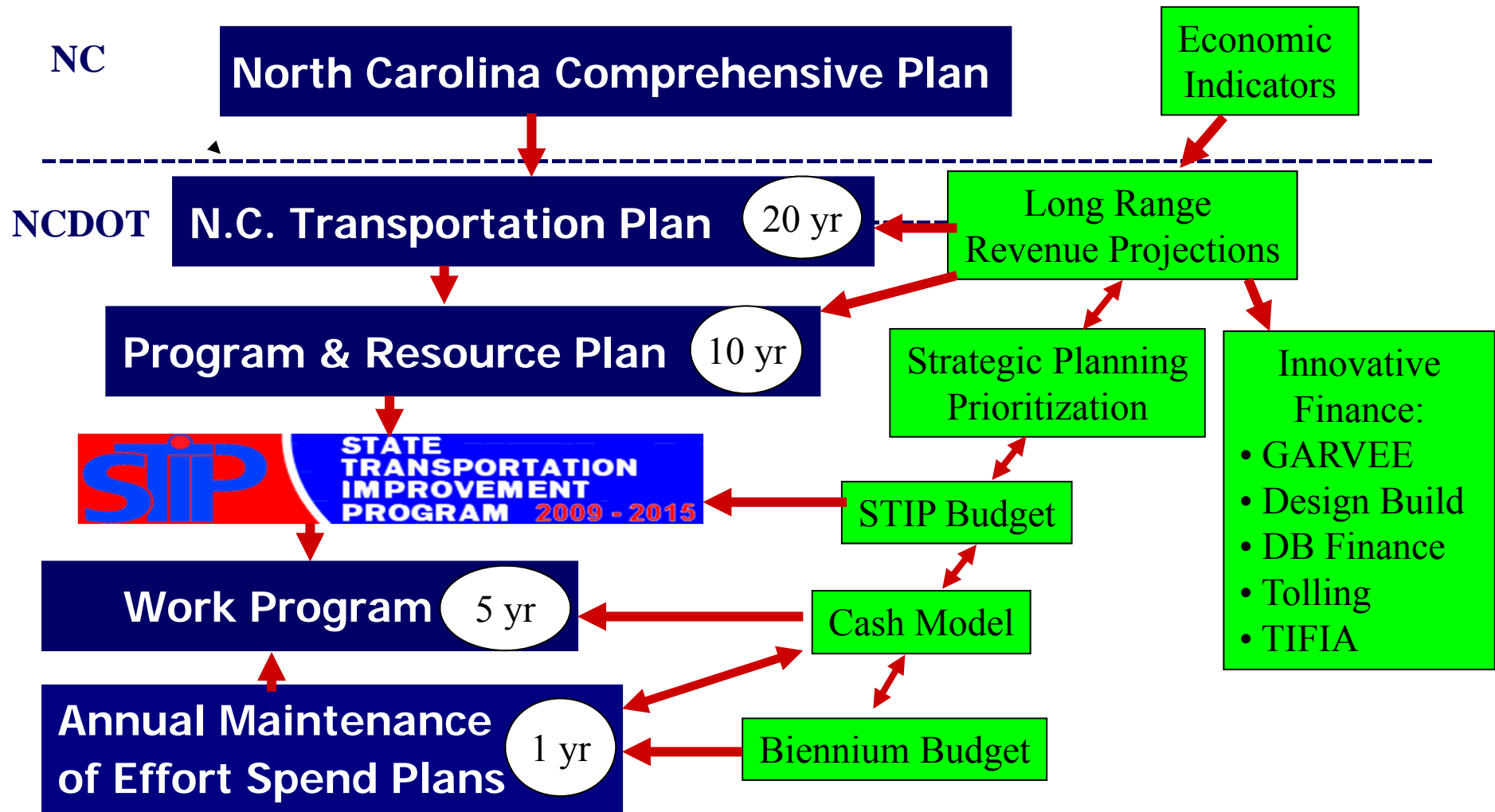
Benefits of Cash Management

- Promotes sound financial management
- Integrates all business functions
- Maximizes cash to deliver projects and programs
- Provides interactive planning and forecasting tools
- Enables innovative financing
- Establishes management controls to minimize financial risk



NCDOT Financial Planning & Cash Model

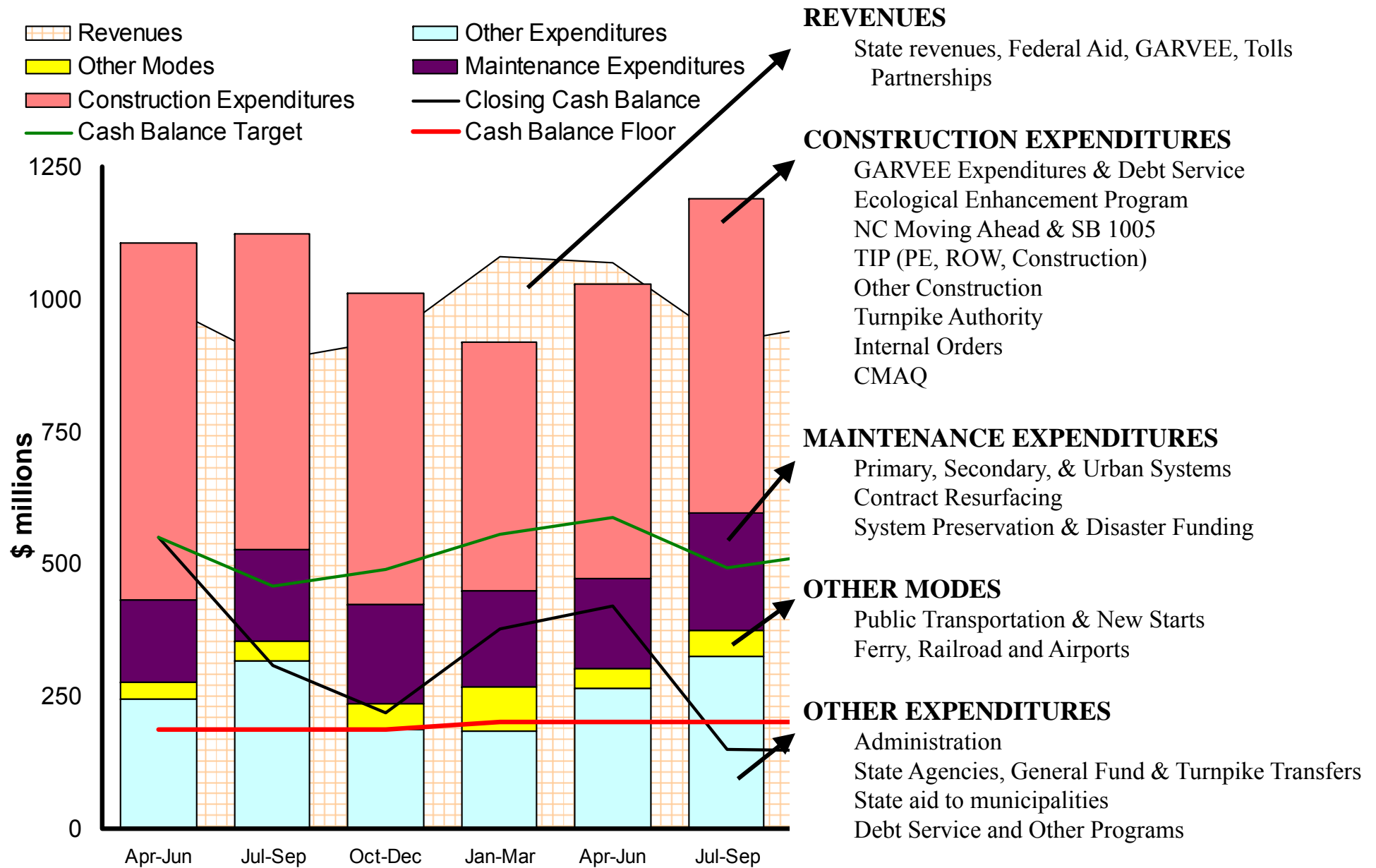
Fully Integrated



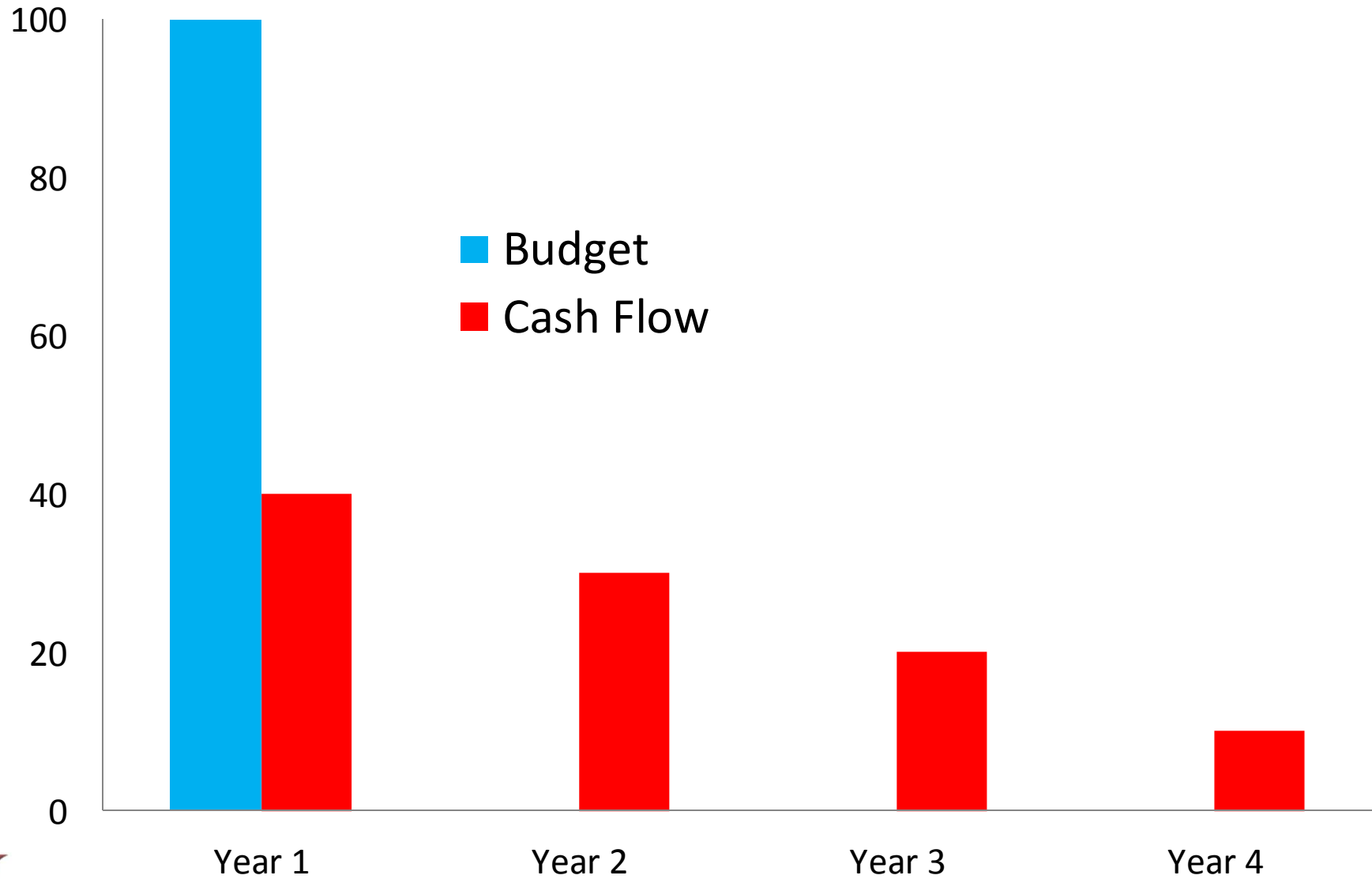
Cash Management Legislation

- SB1005 created financial management policies 2002 Session
 - Authorized combining of Highway Fund & Highway Trust dollars to maximize program delivery
 - Cash flow basis authorized projects to be programmed, awarded, and paid over time
 - Required the establishment of management controls & forecasting procedures
 - Established cash target equivalent to 12% of anticipated revenues plus estimated Powell Bill allocation
- NCGS 143C-6-11 – Established cash balance floor equivalent to approximately 5% of anticipated revenues

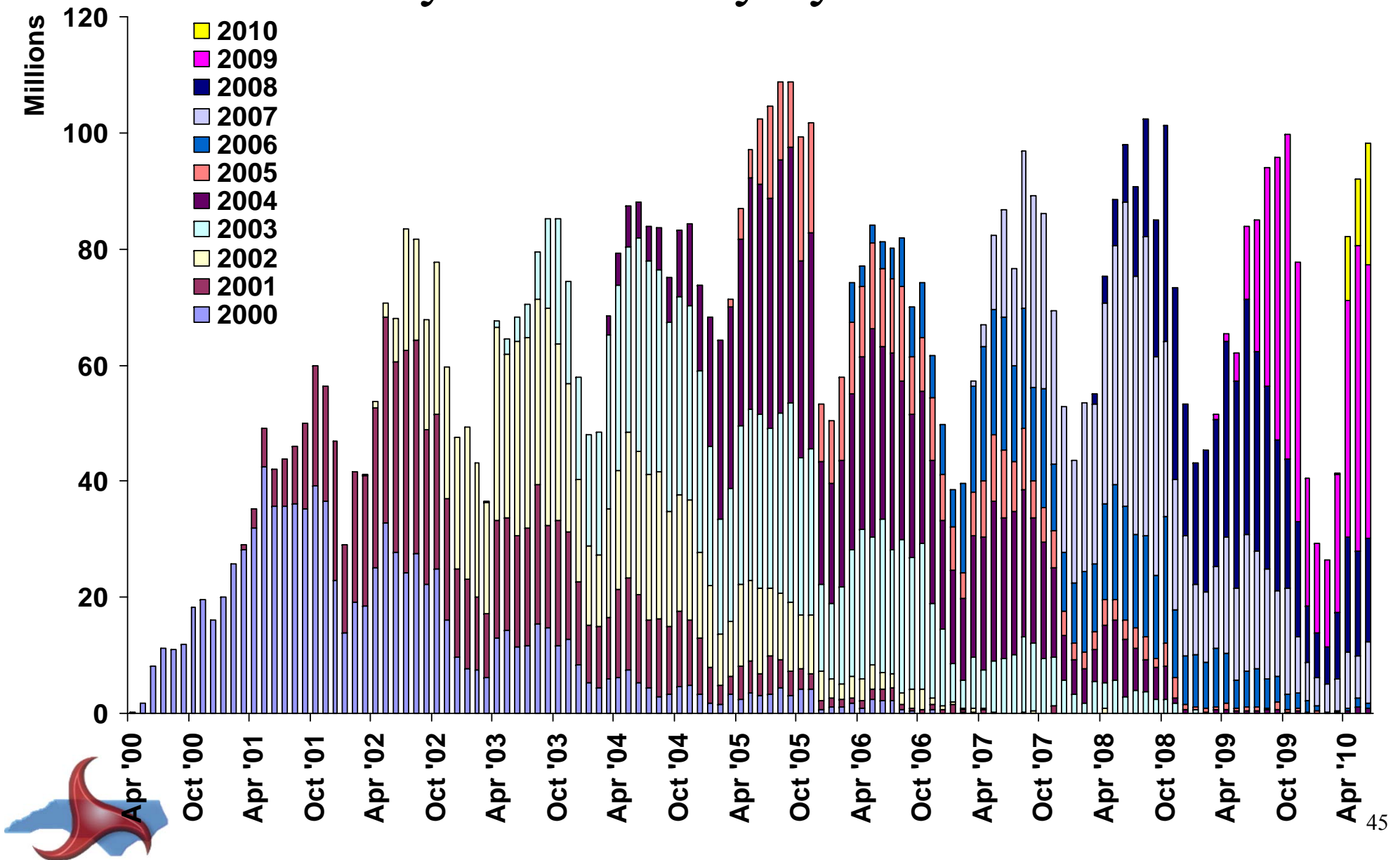




Cash Flow vs. Budget

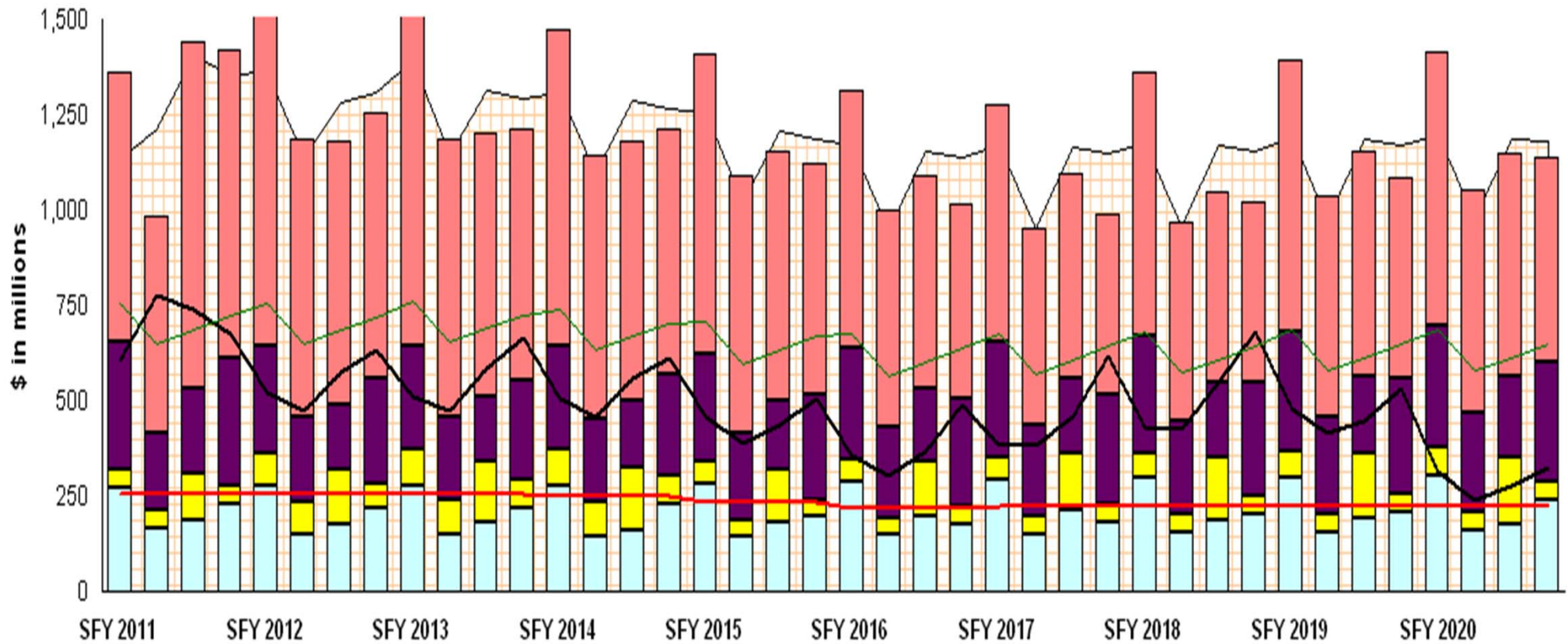


Construction Contractors Payment History by Let Year



Cash Model - 10 Year Work Program

SFY 2011 - SFY 2020



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Finance Strategy

- **Prioritization of Existing Resources**

- Policy to Projects – Outcomes Based
- Value Engineering
- Asset Management
- Funding Flexibility
- Outsourcing

- **Public/Private Resources (P3)**

- Municipal Agreements
- Design Build/Design Build Finance
- P3 (Public & Private)
- Sponsorships

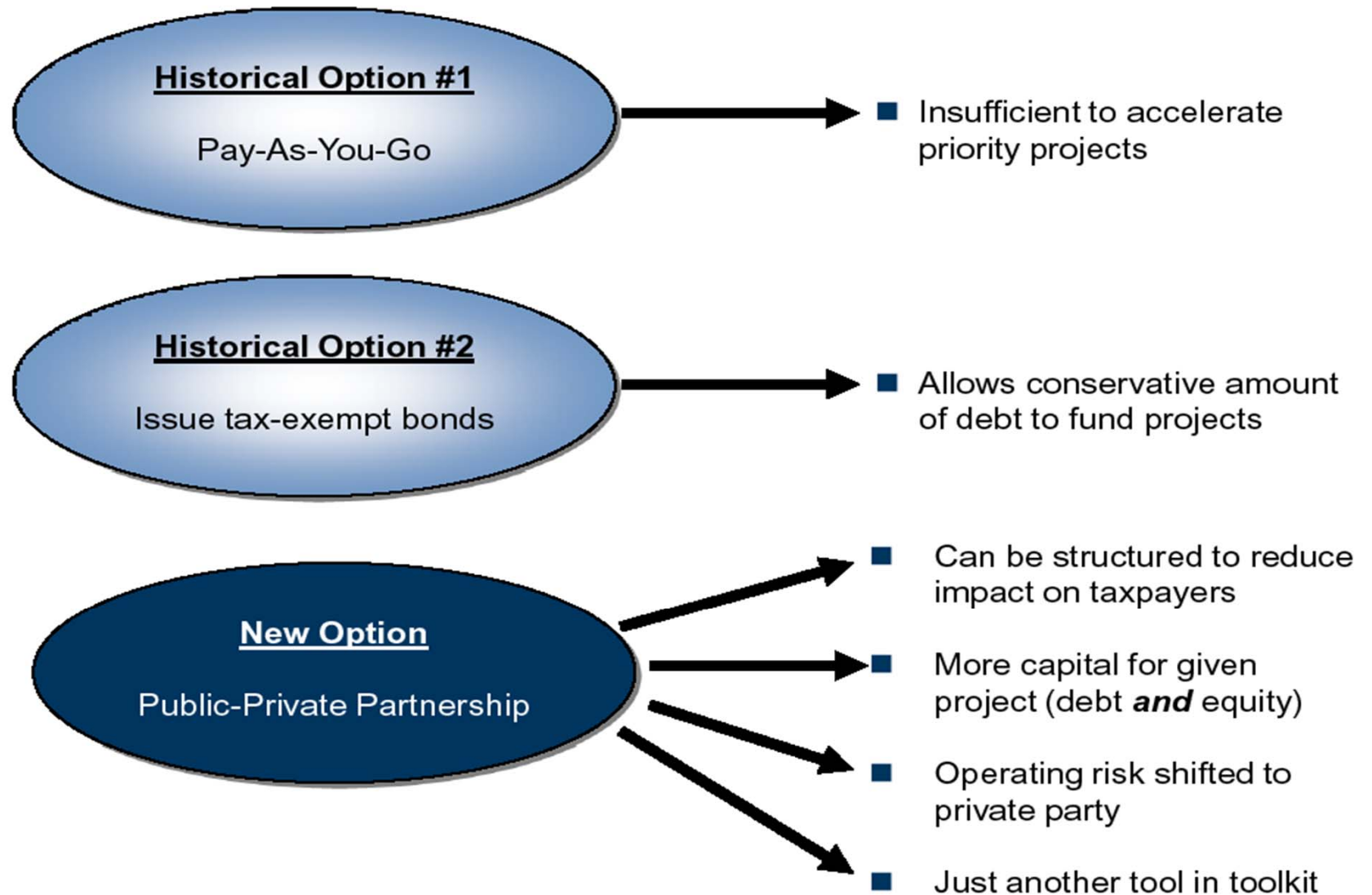
- **Sustainable Leverage**

- GARVEE Bonds
- Toll Financing

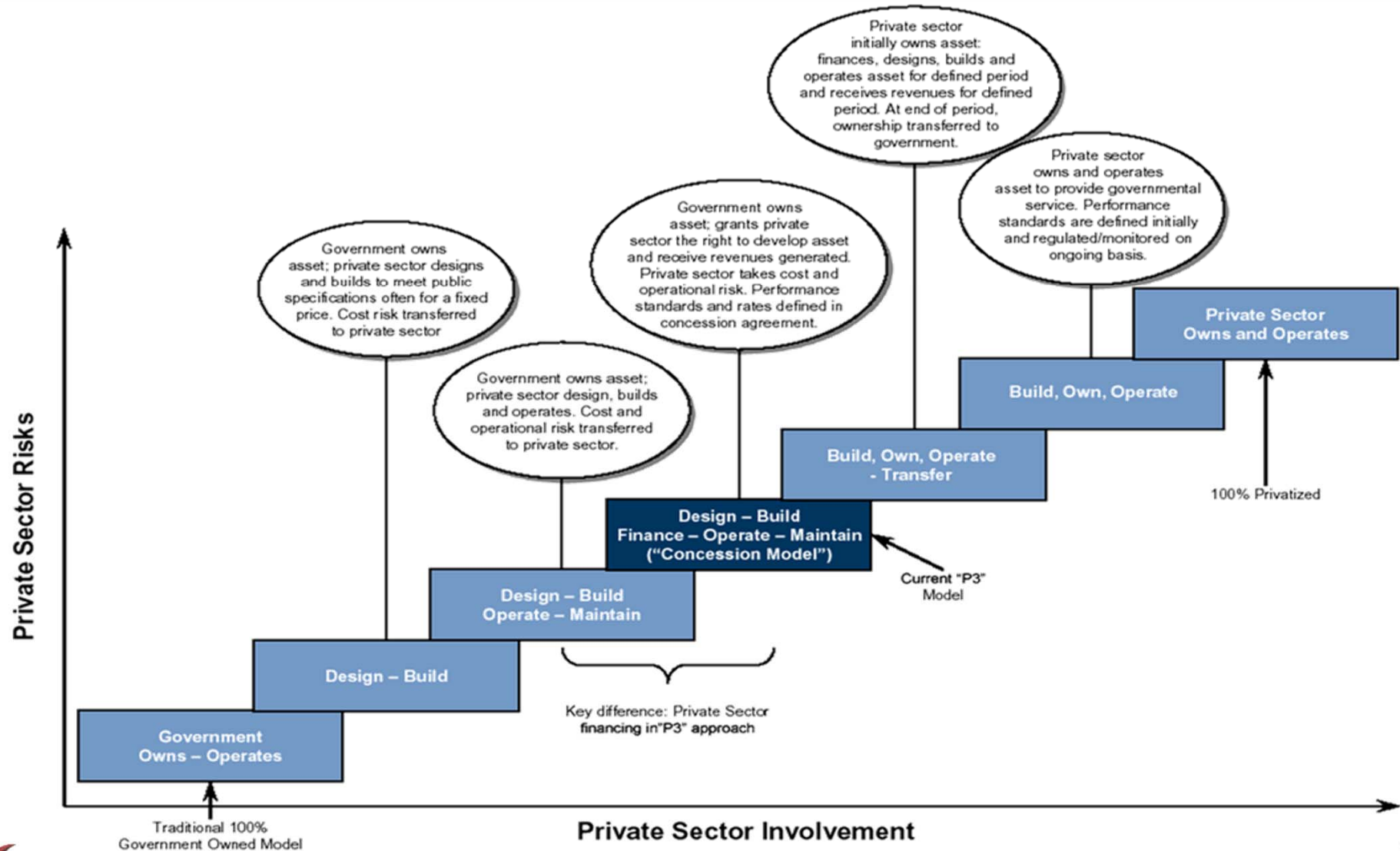


Public-Private Partnerships (P3)

Provide a new source of capital for state and local governments



Spectrum of Private Sector Risk and Involvement



Active P3's within NCDOT

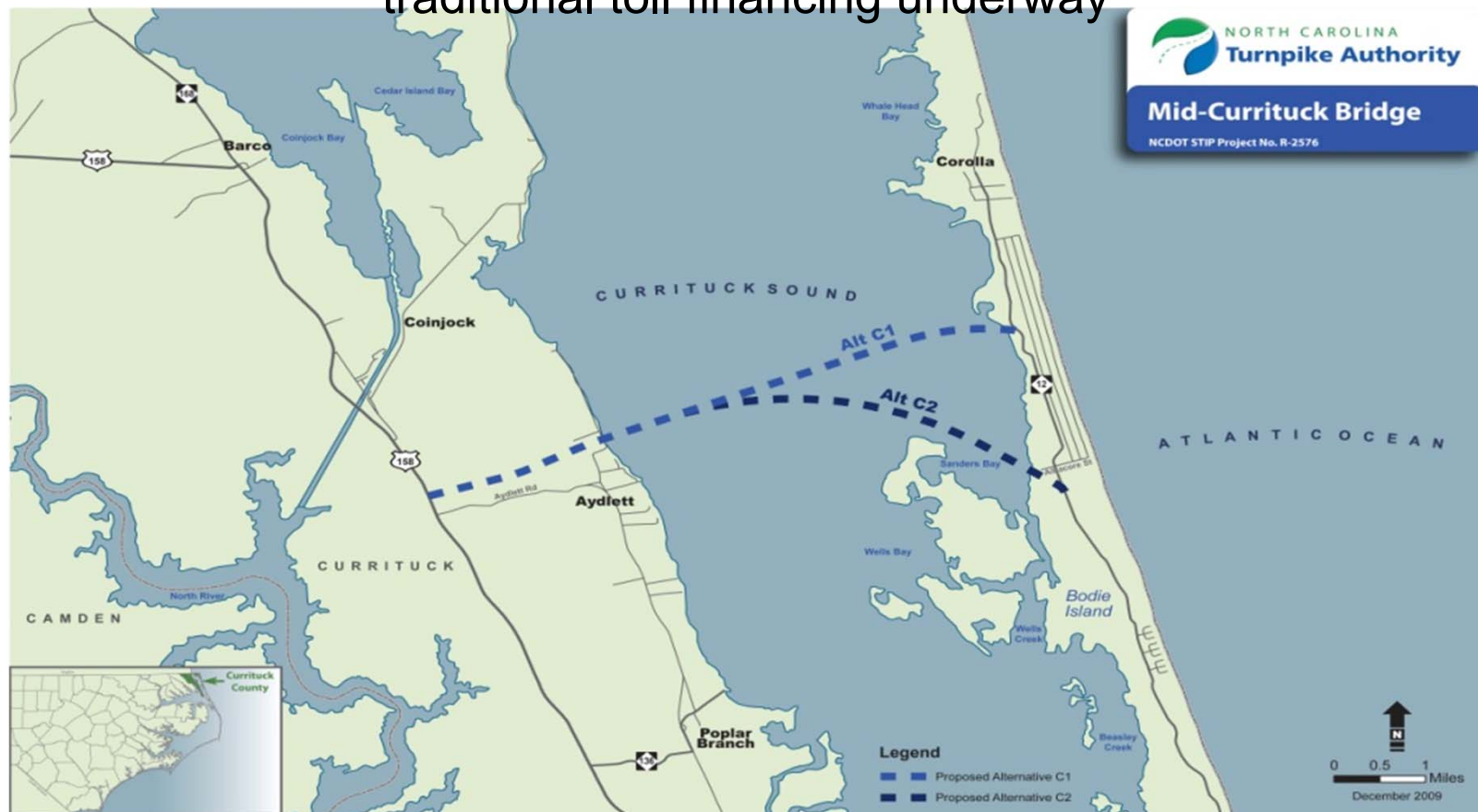
- Design Build / Design Build Finance
 - 55 Design Build projects active/complete to date
 - 14 Projects Advertised for future award
 - Yadkin River Bridge savings \$95M
 - Monroe Connect/Bypass bid savings \$100M
 - Charlotte projects accelerated up to 7 years with cost savings \$130M
- Contractual Agreements
 - Authorize public/private sector role in delivery and financing of transportation projects (30 - 50 per month)
- Interstate Maintenance
 - Contractor maintains 135 miles (I-77, I-85, I-485 & I-277)
Mecklenburg & Cabarrus counties
- Randolph County Rest Area
 - Operated by Safe-T-Concierge



Turnpike Authority - Mid-Currituck Bridge

Public Private Partnership

Financial analysis including evaluation of private financing versus traditional toll financing underway



Future Initiatives - Potential P3 Opportunities



Charlotte "Gateway Station"
commuter rail and transit multi-modal center



I-77 HOT Lanes



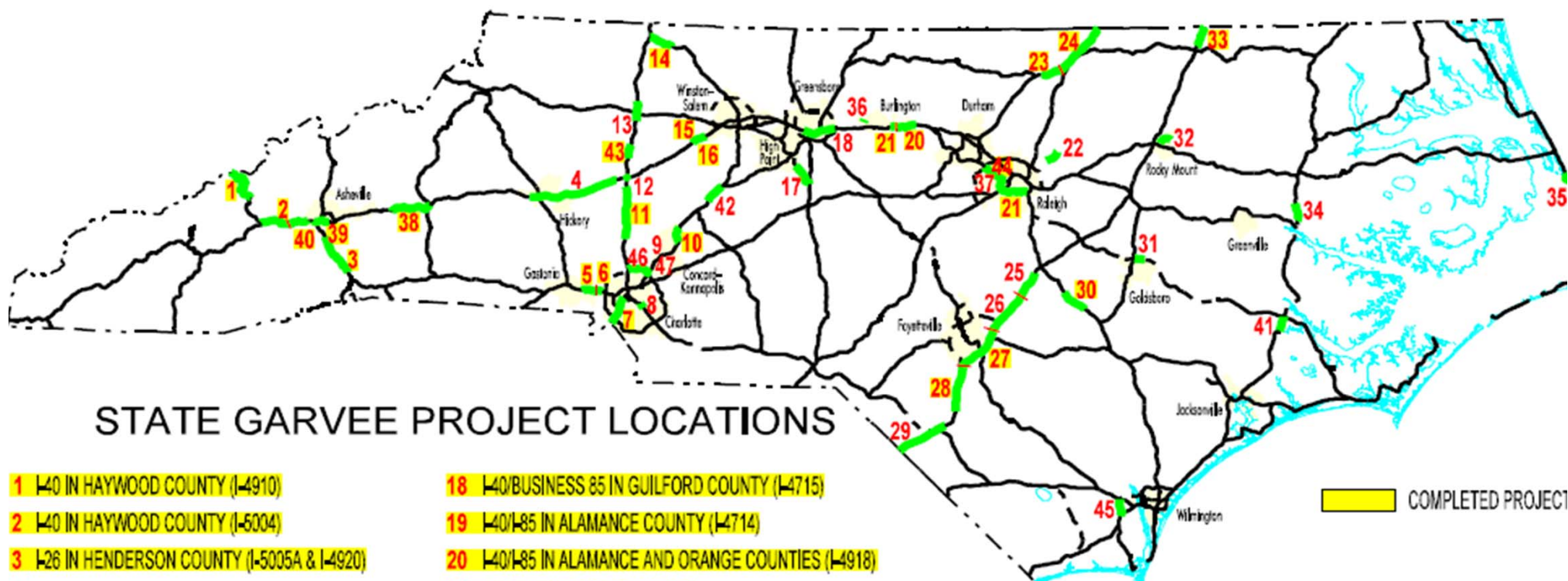
Rail Initiatives/Opportunities



- NCDOT adds third passenger service Raleigh to Charlotte
 - Ridership increases 46%
- \$545M to Accomplish Corridor Plan

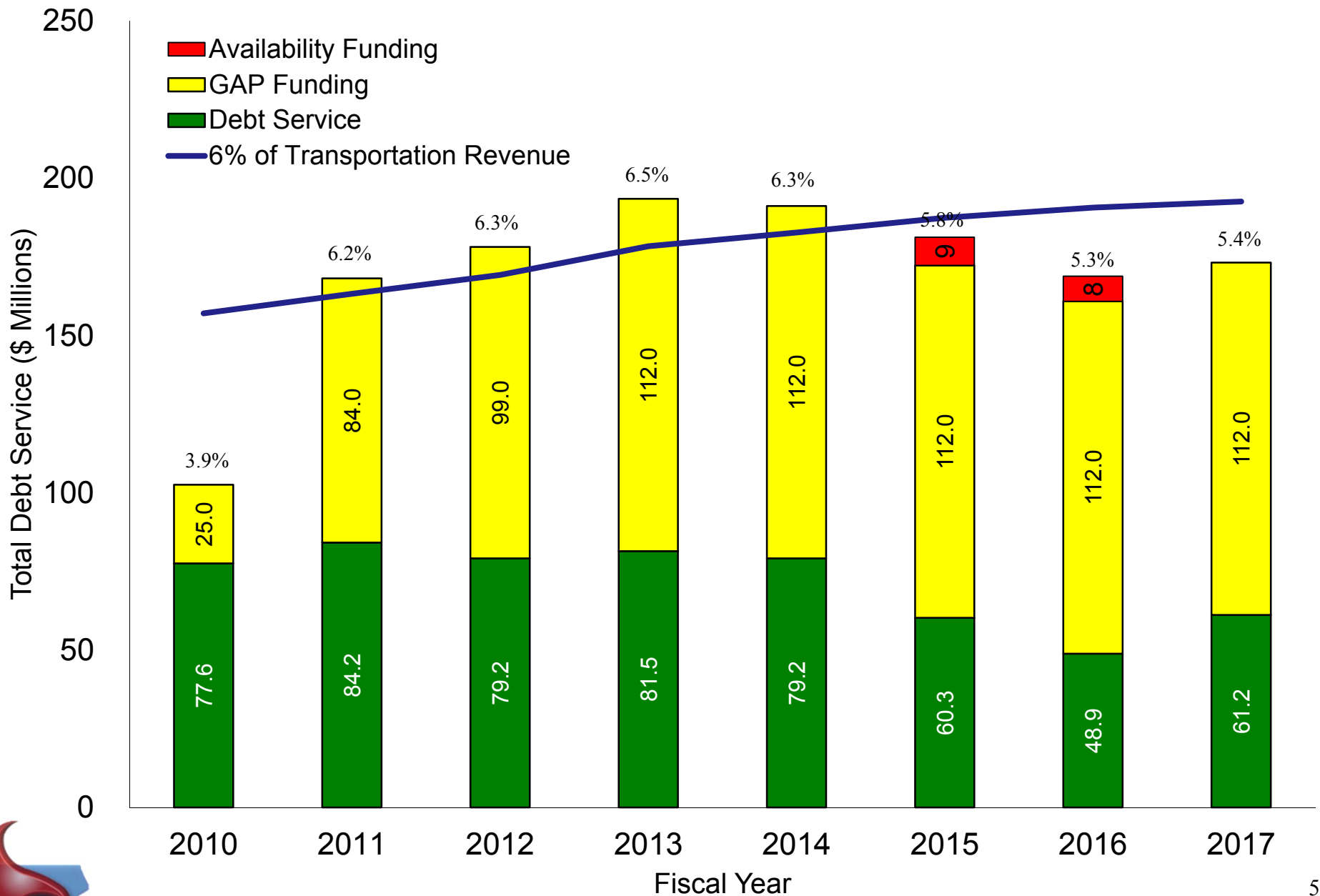
City of Charlotte LYNX Light Rail Passenger Service exceeds national growth rates





- | | | |
|---|---|---|
| 1 I-40 IN HAYWOOD COUNTY (I-4910) | 18 I-40/BUSINESS 85 IN GUILFORD COUNTY (I-4715) | |
| 2 I-40 IN HAYWOOD COUNTY (I-5004) | 19 I-40/I-85 IN ALAMANCE COUNTY (I-4714) | |
| 3 I-26 IN HENDERSON COUNTY (I-5005A & I-4920) | 20 I-40/I-85 IN ALAMANCE AND ORANGE COUNTIES (I-4918) | |
| 4 I-40 IN CATAWBA AND IREDELL COUNTIES (I-5003) | 21 I-40 IN WAKE COUNTY (I-4709) | |
| 5 I-85 IN GASTON COUNTY (I-5007) | 22 US 401 ROLESVILLE BYPASS IN WAKE COUNTY (R-2814B) | |
| 6 I-85 IN MECKLENBURG COUNTY (I-5006) | 23 I-85 IN VANCE COUNTY (I-2810) | |
| 7 I-77 IN MECKLENBURG COUNTY (I-4720) | 24 I-85 IN VANCE AND WARREN COUNTIES (I-4904) | |
| 8 US 74 (INDEPENDENCE BLVD) WIDENING (U-209B) | 25 I-95 IN HARNETT COUNTY (I-4906) | |
| 9 I-85 WIDENING IN CABARRUS COUNTY (I-3803B) | 26 I-95 IN CUMBERLAND COUNTY (I-4915) | |
| 0 I-85 IN ROWAN COUNTY (I-4718) | 27 I-95 IN CUMBERLAND COUNTY (I-4917) | |
| 1 I-77 IN IREDELL COUNTY (I-4723) | 28 I-95 IN ROBESON COUNTY (I-4711) | |
| 2 I-40/I-77 INTERCHANGE IN STATESVILLE (I-3819A) | 29 I-95 IN ROBESON COUNTY (I-4914) | |
| 3 I-77 IN YADKIN COUNTY (I-2808A) | 30 I-40 IN SAMPSON COUNTY (I-5001 B) | |
| 4 I-74 IN SURRY COUNTY (I-5002) | 31 US 70 GOLDSBORO BYPASS IN WAYNE COUNTY (R-2554 BA) | |
| 5 I-40 IN DAVIE COUNTY (I-3600) | 32 ROCKY MOUNT NORTHERN CONNECTOR IN NASH COUNTY (R-2823) | |
| 6 I-40/NC 801 INTERCHANGE IN DAVIE COUNTY (B-3637) | 33 I-95 IN NORTHAMPTON COUNTY (I-4913) | |
| 7 US 311 / FUTURE I-74 IN RANDOLPH COUNTY (R-2606B) | 34 US 17 IN BEAUFORT COUNTY (R-2510 C) | |
| | | 35 NC 12 OREGON INLET BRIDGE REPAIRS AND REPLACEMENT (B-5014A & B-2501) |
| | | 36 NEW ROUTE IN ALAMANCE COUNTY (U-3110B) |
| | | 37 I-40 IN WAKE COUNTY (I-4744) |
| | | 38 I-40 IN MCDOWELL COUNTY (I-4908BB) |
| | | 39 I-40 IN BUNCOMBE COUNTY (I-5108) |
| | | 40 I-40 IN BUNCOMBE COUNTY (I-5109) |
| | | 41 US 17 NEW BERN BYPASS IN CRAVEN COUNTY (R-2301A) |
| | | 42 I-85 IN ROWAN AND DAVIDSON COUNTIES (I-2304AC) |
| | | 43 I-77 IN IREDELL COUNTY (I-5106) |
| | | 44 I-40 & SR1728 IN WAKE COUNTY (I-5112) |
| | | 45 US 17 WILMINGTON BYPASS (R-2633A) |
| | | 46 I-485 CHARLOTTE OUTER LOOP (R2248E) |
| | | 47 I-485/I-85 INTERCHANGE (R-2123CE) |

Debt Affordability 2010 Study Findings



Conclusion

- Finance has an Integral Role in Achieving NCDOT Goals and Performance
 - Fiscally Balanced, 10-Year Work Plan
- Cash Model is Important Tool for Program Delivery and Contingency Planning
- Strategic Use of Innovative Finance has Accelerated Project Delivery and Saved \$millions



Key Issues and Opportunities

- Sustainability of Gas Tax Revenues
 - Address Changing Technology
 - Transition Strategy
- Impact of Federal Rescissions and Budget Cutbacks
- Funding Flexibility to Achieve Performance Outcomes
 - Both Federal and State Dollars
- Protect and Enhance NC's Largest Economic Asset
 - Continued Focus on Resource Prioritization, Internal Efficiencies, & Outsourcing Opportunities
 - Broaden Strategic Use of Innovative Finance and Partnerships
 - Expand Ability to Recover Inflationary Costs as World Economy Recovers

